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Andorra ... B 5.0 F Iceland ... 175 IkR Oman ... 1.000 Rials
Antilles ... 10 F F Iran ... 115 Rials Poland ... 18 000 Zl
Austria ... 25 S Israel ... NIS 4.50 Portugal ... 180 Esc
Bahrain ... 0.800 Dh Italy ... 2,200 Lire Qatar ... 8.00 Rials
Belgium ... 56 B Fr Jordan ... 1 JD Rep of Ireland 95 P
Bulgaria ... 40 Leva Kenya ... Shs 45 Reunion ... 10 F F
Cyprus ... C £ 1.00 Kuwait ... 500 Fils Saudi Arabia 8.00 R
Czechoslovakia 35 Kr Lebanon ... U.S.$1.10 Spain ... 175 Ptas
Denmark 13.00 D Kr Libya ... LDin 0.80 Sweden ... 11.20 S Kr
Egypt ... E.P 4.500 Luxembourg 55 L Fr Switzerland 2.80 S Fr
Finland ... 10.00 F M Madeira ... 185 Esc Tunisia ... 1.000 Din
France ... 8.50 F Morocco ... 11.00 Dh Turkey ... T.L. 7.000
Germany ... 3.00 D M Netherlands ... 3.25 Fl U.A.E. ... 8.50 Dirh
Great Britain ... £0.75 Norway ... 13.00 N Kr U.S.A. ... U.S.$2.00
Greece ... 220 Dr Oman ... 1.000 Rials U.S. Mil. (Eur ... $1.00
Hungary ... 115 Ft Nigeria ... 16.00 Naira Yugoslavia ... 43 ND

U.S. Data Show No Economic Recovery

But Fed Officials Are Not in a Rush To Lower Rates

By Lawrence Malkin
International Herald Tribune

NEW YORK — A week of dismal U.S. economic statistics climaxed Friday with a report of weak employment and the first decline in the government's principal forecasting gauge since the start of the year. They showed the American economy in a stall and the recovery probably aborted.

Unemployment last month inched up from 6.7 percent to 6.8 percent, and the number of Americans at work barely changed, but increases in services were balanced by losses in manufacturing, which was supposed to spearhead the recovery.

Two indicators measuring forward-looking activity declined after rising for most of the year. The index of leading indicators, which forecasts the direction of the economy with middling accuracy, slipped by a tenth of a percentage point in September for the first time since January. The National Association of Purchasing Management monthly index for October ended eight months of steady increases by dropping 1.5 points to 53.5 percent, indicating weakness in manufacturing.

In the Middle West, recession is fueling a deep uneasiness. Page 5.

After a week that saw declines in orders and consumer confidence and unusually weak growth for the first post-recession quarter during the summer, Robert Dederick of Northern Trust in Chicago, a former Reagan administration economist, said: "The recovery has just petered out. There is a total absence of strength.

"We never really have resolved the economic problems we had when we went into the Gulf war last year," he said. "We thought the war would reignite the economy with lower interest rates and the liquidation of inventories, but now we have stagnation instead. Normally we would break out of this with fiscal stimulus, but we can't do that with such huge deficits, so that leaves the baby right on the doorstep of the Fed."

Although economists widely expect the Federal Reserve to lower its discount rate and continue bringing down the federal funds rate to below 5 percent, the central bank stayed out of the money markets Friday and made no announcement.

The White House put pressure on the Fed for the second day in a row. President George Bush told a television interviewer that the Fed should cut interest rates, and his press secretary, Marlin Fitzwater,

See ECONOMY, Page 10

Ian Hodgson/Reuters
Foreign Minister Shara on Friday brandishing an old leaflet carrying a picture of Mr. Shamir.

Baker Warns That Peace Talks Have Not Gone Far Enough

Syria Stalls on Accord to Resume Negotiations Sunday

By Jackson Diehl and David Hoffman
Washington Post Service

MADRID — The opening phase of the Middle East peace conference ended Friday with a flurry of bitter recriminations, leaving diplomats in an intensive struggle to salvage the face-to-face negotiations between Israel and Syria that were scheduled to begin Sunday.

After a closing session in which Prime Minister Yitzhak Shamir of Israel and Foreign Minister Farouk Shara of Syria hurled accusations and personal insults at each other, Secretary of State James A. Baker 3d and Arab diplomats worked to overcome last-minute Syrian resistance to attending the talks, which were planned as a substantive continuation of the ceremonial sessions that started Wednesday.

The sudden hitch came after a day in which Mr. Baker admonished all the participants that the opening conference had not gone far enough.

"You have failed to deal adequately with the human dimension of the conflict," he said.

Mr Baker announced that the United States and the Soviet Union had agreed that three separate sets of bilateral negotiations between Israel and Syria, Lebanon and a Jordanian-Palestinian delegation should start in Madrid on Sunday.

As of Friday night, Mr. Baker had not obtained the agreement of Mr. Shara to attend on Sunday, but American officials said they remained optimistic that a compromise could be found.

Israel, Jordan and the Palestinians all announced that they would attend the bilateral meetings.

Earlier, Mr. Shara struck what might have been the most strident note in a morning of rebuttal speeches in the elegant conference hall. Holding up a picture of Mr. Shamir at the age of 32, when he was a member of a Jewish underground group, he said that the prime minister, now 76, "himself recognized that he was a terrorist; he killed peace mediators."

Mr. Shara's outburst came after Mr. Shamir, in an earlier rebuttal, asserted that Syria "is the home of a host of terrorist organizations that spread violence and death to all kinds of innocent targets."

He said that the Syrian government "merits the dubious honor of being one of the most oppressive, tyrannical regimes in the world."

The acrimonious exchange was accompanied by milder rhetoric, and even some expressions of goodwill by Israel, the Palestinians and Jordanians. But the hostile broadsides gave the conference a gloomy closing scene and caused some diplomats to question whether it had succeeded in its mission of "breaking psychological barriers" by seating Israel and its five Arab neighbors at the same table for the first time.

Israel's ambassador to the United States, Zalman Shoval, said, "I have a question mark in my mind whether get togethers of this kind, in the glare of television, are really conducive to the atmosphere of peace."

In an address concluding the opening conference, Mr. Baker spoke forcefully in an effort to dampen the effects of the rhetoric and redirect Israel and the Arabs.

"I said often that the parties would probably stake out maximum positions, especially as they got closer to negotiations," Mr. Baker said. "This is not surprising, especially in a public forum."

"This has been a start, a good start, an historic start that has broken old taboos," he said. But he cautioned, "You must not let this start become an end."

In the coming negotiations, Mr. Baker said, Arabs and Israelis would have to find solutions encompassing three key elements: territorial compromise, peace treaties, and security arrangements. "The process on which we are embarked can work only if all issues are put on the table, and if all issues

See PEACE, Page 3

Meeting in Madrid

President Bush restores $22 million in aid to Jordan.

Old ghosts and a chasm beset the peace prospects.

Pro-talks Arabs demonstrate in the West Bank.

In Cairo and Amman, there are sharply contrasting reactions.

Articles on Page 3.

Site Squabble: More Than a Petty Issue

By R. W. Apple Jr.
New York Times Service

MADRID — No matter what the diplomats say, the dispute about the site of continuing Middle East peace negotiations, which threatened on Friday night to disrupt the whole process, is neither a technical matter nor a question of picayune detail.

It cuts to the very heart of the dispute that has poisoned relations and caused violent strife between the Arabs and the Israelis for 40 years.

As has so often been the case in the past, whether the subject was peace in the Middle East or the Vietnam War or control of nuclear weapons, the negotiators have seized upon procedural questions as proxies for substantive ones, thus starting the fight even before policy questions are reached.

Sometimes, the theoretically procedural disputes have been about the agenda or the order of speakers or the shape of the bargaining table.

Earlier this week, there was a dispute here about whether both the Palestinians and Jordanians, part of the same delegation, should each be allowed a full 45 minutes to state their cases — a dispute that grew out of Israeli reluctance to do anything that might eventually buttress a Palestinian statehood claim.

In each instance, the squabble about "modalities," as Secretary of State James A. Baker 3d likes to call them, in one of those obfuscatory words beloved of diplomats, has cloaked a deep-seated substantive disagreement.

NEWS ANALYSIS

And so it is in the wrangle about where the negotiators should hold their private sessions now that the television spectacular has concluded here.

For the Arabs, traveling to Israel or welcoming Israeli delegates to their own countries would go much further than they are willing to go, at this early stage, toward acknowledging Israel and its right to exist. They might be willing to do that, they say, but only in return for territorial concessions and other gains.

For the Israelis, as Prime Minister Yitzhak Shamir said Wednesday, that recognition is the sine qua non for any successful peace conference.

And for the Palestinians, it would be particularly humbling to visit Israel, because Israel occupies what they consider their rightful homeland, so they have no place to which they could invite the Israeli negotiators or hold secure consultations of their own.

On another level, the argument is about relative strength. Just as a military commander seeks to concentrate several of his divisions

See MIDEAST, Page 3

Shamir Says Syria Tries to Sabotage Talks

By Glenn Frankel
Washington Post Service

LOD, Israel — Prime Minister Yitzhak Shamir, returning to Israel from the Middle East peace conference in Madrid, accused Syria on Friday of trying to undermine the talks by pressuring other Arab states into refusing to hold negotiations in the Middle East.

Mr. Shamir said that Israeli officials would attend the opening session of bilateral talks in Madrid on Sunday, but said Israel would insist that the talks be moved to the region.

"We do not intend to continue in Madrid, but there will be discussions and we will see where things go," he said at a news conference upon returning to Israel.

"The Syrians do not want to come to Israel, and Syria is exerting pressure on the other Arab countries," Mr. Shamir said.

He said there were many logistical reasons why Israel wanted the talks to be held in the region, preferably alternating between locations in the Arab states and in Israel. "It's not only a technical problem," he said, "it creates an atmosphere when they come to us and we go to them."

Israeli officials contend that holding talks here and elsewhere in the region would be a gesture of mutual recognition and goodwill and might do much to break the ice between the two sides. They believe Lebanon, Jordan and the Palestinians would all be willing to do so, but are being blocked by Syria.

"The Syrians don't want it," said Mr. Shamir's spokesman, Ehud Gol. "They simply do not want to do anything that implies even a 1 percent willingness for peace."

Mr. Shamir said he was not fazed by the hard-line Syrian approach, nor by the personal attack by Foreign Minister Farouk Shara of Syria, who in remarks at the peace conference said Mr. Shamir "himself recognized that he was a terrorist."

"The Arabs did not surprise us," Mr. Shamir said. "There are always slaps from the Arabs; there will always be slaps."

He added: "There is no certainty at all that the Arabs are ready for peace. Even so, we have to try."

Mr. Gol said Israeli officials had heard nothing in the Arab speeches at Madrid that deviated from previous statements or gave them new hope of reaching a settlement.

Meanwhile, Mr. Shamir faced another round of infighting within his own delegation when the four members from the Israeli Foreign Ministry boycotted Friday's session under orders from Foreign Minister David Levy, a political rival of Mr. Shamir.

Opposition Sweeps Kaunda From Power

By Jane Perlez
New York Times Service

LUSAKA, Zambia — Kenneth Kaunda, the leader of Zambia since independence from Britain 27 years ago, has been resoundingly defeated in a multiparty election.

[Mr. Kaunda conceded defeat Friday night, Reuters reported from Lusaka, quoting his chief opponent, Frederick Chiluba.

["This evening, at 7.30 P.M., President Kaunda telephoned to congratulate me on the victory," Mr. Chiluba said. "He has conceded defeat and he has promised to cooperate and work with us."]

It was the first such contest here in more than two decades and the first defeat by popular vote of a senior African statesman.

Mr. Kaunda, 67, was overwhelmed at the polls by Mr. Chiluba, 48, the nation's most prominent trade union leader, who was able to capitalize on pent-up frustration at the plunge in living standards and on weariness with Mr. Kaunda's paternalistic style of leadership.

Results were still incomplete Friday night, more than 24 hours after the polls closed, but election experts said that based on the vote count so far, Mr. Chiluba had won by a landslide.

He headed a new party, the Movement for Multiparty Democracy, which was able to mount a vigorous campaign despite the financial superiority and advantages of incumbency of the ruling party.

National television, which is run by Mr. Kaunda's party, the United National Independence Party, said Friday night that Mr. Chiluba had more than 200,000 votes compared to fewer than 100,000 for Mr. Kaunda.

Mr. Kaunda's party had "suffered heavy defeats" in constituencies where results were complete, according to the announcer, who then read winning totals for Mr. Chiluba ranging from his base in the northern industrial copper belt to southern rural constituencies

See ZAMBIA, Page 5

Peter Andrews/Reuters
A shopper counting her money in Moscow, where food prices have already doubled or tripled.

Green Light for Yeltsin Plan

Parliament Backs Overhaul, Adds to Leader's Powers

By Michael Dobbs
Washington Post Service

MOSCOW — The Russian parliament on Friday endorsed a program of economic shock therapy proposed by Boris N. Yeltsin and voted to grant him emergency powers in an attempt to prevent conservative local councils from sabotaging the plan.

The lopsided vote of 876 to 16 in Mr. Yeltsin's favor in the Congress of People's Deputies, Russia's supreme legislature, removes many of the political barriers to a promised free-market revolution in what was the world's first Communist state.

But huge economic and social obstacles remain, and there is considerable skepticism about Mr. Yeltsin's declared goal of producing a significant turnaround in the Russian economy within a year.

The acting Soviet prime minister, Ivan S. Silayev, said Friday that the Russian Republic had dropped plans to create an independent state bank using Soviet gold and hard currency reserves. But a Yeltsin aide gave the impression that the idea was not dead, branding the Soviet central bank, Gosbank, a "monster" and suggesting that replacing it with a Russian state bank would benefit all the republics. (Page 9.)

Panic buying has swept several Russian cities as citizens have tried to unload virtually worthless ruble notes before the abolition of government price controls, the major element in Mr. Yeltsin's program.

In many stores, both in Moscow and the provinces, food prices have already doubled or even tripled in anticipation of the price liberalization.

At a meeting with Russian industrialists on Thursday night, Mr. Yeltsin said a decree on price liberalization had been drafted, but he declined to say when it would be put into effect in order "not to agitate the population."

Mr. Yeltsin added that the government would continue to regulate prices on a small number of strategic raw materials and basic food products.

See SOVIET, Page 5

Pentagon seeks to aid Soviet rebuilding, Page 2.

CIA Ads: Equal-Opportunity Spying

By Paul Farhi
Washington Post Service

WASHINGTON — *The scene:* A placid urban streetscape, children playing blissfully on the sidewalk in front of brownstone houses.

The ominous headline: "Wouldn't You Want To Know If U.S. Territory Was Going To Be Invaded?"

The advertiser: the Central Intelligence Agency.

Yes, the CIA. Uncle Sam's spy network wants you, especially if you're black, Asian, Hispanic or American Indian, or disabled. The normally tight-lipped agency is openly touting its desire to hire minority-group "professionals" in a new ad campaign that began this month in Ebony magazine and will expand to other publications.

The agency has run recruitment ads before — mainly sedate, all-text help-wanteds in daily newspapers around the country. But the Ebony ad, and others to follow in magazines aimed at minorities, marks the first time the CIA has used glossy, four-color pages that are almost indistinguishable from slick image campaigns for consumer products.

The $30,000 page in Ebony even has a slogan: "The CIA. Our business is knowing the world's business."

"The thought of a gang wreaking havoc to your neighborhood is disturbing," the ad says. "Not to mention frightening. Of course you'd want to know if you could stop them way ahead of time.

"It's the same way for the president when it comes to America's security. And that's why he depends on the country's largest information network — the Central Intelligence Agency."

A small-type note at the bottom of the ad notes that applicants must have "the personal integrity to successfully complete a medical and security background investigation," including a lie-detector test. Among the positions the CIA wants to fill are engineers, economic analysts and operations officers, whose job is to recruit people in foreign countries to act as spies.

"If you send a white Anglo to Africa or Asia, his ability to find someone to commit treason and spy may be less" than a black or Hispanic or Asian American, a CIA official said. A minority recruit might not have to develop "the cultural and language skills of the country," he said.

A CIA spokesman, Mark Mansfield, acknowledged that part of the Ebony ad's purpose is to burnish the CIA's image in minority communities, where the agency may be viewed with suspicion. "Obviously, if you have a positive image, people are more inclined to want to become part of your organization," he said.

The CIA has run ads within the last two years in small publications aimed at minorities that carried the headline: "You know what it's like to be stereotyped. So do we." But Mr. Mansfield said the ad in Ebony is a much broader effort. Ebony has a circulation of 1.8 million.

The recruitment campaign comes at a time when the CIA is planning to reduce its work force by about 15 percent in the next five to seven years as a result of budget cutbacks and the diminished threat from the Soviet Union.

But Mr. Mansfield said the agency would continue to hire for certain jobs, and wants to increase the percentage of minorities in its professional ranks. Currently, 10.1 percent of the CIA's professional staff are minorities, and 6.4 percent are black.

Mr. Mansfield refused to divulge the budget for the campaign or the identity of the ad agency.

Kiosk

Nobel Winner Is Seriously Ill

BANGKOK (AFP) — Daw Aung San Suu Kyi, the Burmese dissident who was awarded the Nobel Peace Prize last month, is critically ill in Rangoon after going on a hunger strike, the opposition National Coalition Government of the Union of Burma said here early Saturday.

Daw Aung San Suu Kyi, under strict house arrest for more than two years, reportedly began her hunger strike last month after she was refused permission to meet with United Nations human rights officials visiting Burma.

General News

Gene therapy on mice cured cancer in 70% of cases. Page 2.

Senator Edward M. Kennedy was the focus of discussion during jury selection in his nephew's rape trial. Page 2.

The human-rights movement has acquired a new friend: China. Page 5.

Business/Finance

GATT failed to meet a Nov. 1 deadline for a draft world trade accord. Page 9.

Money Report

Real estate, small stock funds, managing debt. Page 14-15.

Classified Page 7.

Paris Close	The Dollar in New York
5,058.30	DM 1.6445
Down	Pound 1.7675
13.20	Yen 129.75
	FF 5.6235

Gene Therapy Targets Cancer in Mice, With High Cure Rate

By David Brown
Washington Post Service

WASHINGTON — A research group in Baltimore has achieved a high cure rate in mice that were deliberately given cancer and then treated with an experimental form of gene therapy that boosts the immune system to specifically kill the cancer.

Although similar strategies have been used before with other genes, the 70 percent cure rate — which was higher than had been achieved previously — suggests that this specific way of stimulating the immune system is especially promising.

The study, reported Friday in the journal Science, used interleukin-4, known as IL-4, as the immune system stimulant. IL-4 is a cytokine, a substance released by one cell to trigger action by another cell. IL-4 has the effect of recruiting immune system cells to the site releasing the IL-4.

Previous experiments employing other cytokines had shown cure rates below 50 percent.

In one of the new experiments, researchers at Johns Hopkins University took kidney cancer cells that had been grown in the laboratory and inserted extra genes for IL-4 into them. The cells then produced large amounts of IL-4.

The cells were then injected into mice, where they took hold and proliferated into tumors. As they were growing, however, the cells poured out IL-4, which called in natural tumor-killing cells, called T-lymphocytes, and programmed them to kill the specific cancer cells in the tumor. The T-lymphocytes completely destroyed all of the tumors.

Tumors that arise naturally in animals are known to stimulate an immune response, but apparently not of sufficient power to lead to a cure. By beefing up IL-4 production where it is needed — in the tumor — the immune response of the mice was boosted sufficiently to kill the cancer.

In a second experiment, the researchers injected cultured kidney cancer cells under the skin of another group of mice.

These cancer cells had no extra IL-4 genes. In six days, after the cells had become tumors, cells from the same cultures that had been altered to produce IL-4 were injected under the skin at another site in each mouse.

As in the first experiment, all IL-4-producing tumors were destroyed. Significantly, however, in 70 percent of the mice all the tumors arising from the unaltered cancer cells also were destroyed.

That happened because the T-lymphocytes stimulated by the IL-4-producing tumor circulated through the body and were able to ferret out the other tumors as well.

When the cured mice were reinjected with fresh cancer cells 100 days later, in half the animals the new cells were immediately killed off.

The experiments are models for metastatic cancer, in which tumor cells that arise in one organ spread to other organs. Metastatic cancer in humans is often incurable because it is impossible to kill tumor cells in many different sites without fatally damaging healthy organs. One goal of gene therapy is to amplify the body's natural ability to detect abnormal from normal cells and kill them.

It is possible that a similar technique could be used to treat human cancer. Tumor cells removed during surgery could be altered to produce large amounts of IL-4 and reintroduced into the patient.

The T-lymphocytes so stimulated would be specific for that particular tumor, and theoretically able to find even microscopic metastases.

"Your lung cancer is going to be different from anyone else's cancer," said Paul T. Golumbek, one of the Johns Hopkins researchers. "This is a model for treating your specific cancer — not just your type of cancer, but your exact cancer."

For the moment, he said, the technique will be used only as a way of comparing the effectiveness of various cytokines in mice, whose immune systems are nearly identical to that of humans.

AMERICAN TOPICS

Legislators Attack Automatic Dialers

Congress and more than a dozen states are moving to clamp down on automated telephone dialers, The New York Times reports.

The robot devices transmit recorded sales messages for everything from encyclopedias to building lots and record the responses, if any. They can call every number in a telephone exchange, listed or unlisted.

By one industry estimate, at least 20,000 machines will call about 20 million numbers around the United States on any given day. People have complained that the machines invade privacy, tie up phone lines and wreak havoc with corporate switchboards.

But many small business owners defend autodialers as less expensive than other media and no more intrusive than door-to-door salesmen.

Some civil liberties lawyers argue that restricting autodialers would violate constitutional rights to free speech and equal treatment under the law.

Senator Ernest F. Hollings, Democrat of South Carolina, is sponsoring a bill to ban autodialers for all calls to private homes except for sending emergency information or reaching people who have agreed to receive such calls.

The senator said, "The individual's right to be left alone plainly outweighs the rights of any intruder."

But Kathy Moser, who with her husband, Ron, runs a chimney sweeping service in Salem, Oregon, says the device works better than radio ads, handbills or Yellow Pages.

"After a full day of calling, we can get 10 to 15 leads," she said. "We're the busiest sweeps we know because of our telecomputers."

Short Takes

Hometown criticism of the Senate Judiciary Committee's handling of the Supreme Court confirmation hearings of Justice Clarence Thomas has brought a rash of apologies from committee members.

Senators Howard M. Metzenbaum of Ohio and Edward M. Kennedy of Massachusetts, both Democrats, and Alan K. Simpson, a Wyoming Republican, have admitted varying degrees of guilt at mishandling the inquiry into sexual harassment accusations against Justice Thomas, who was confirmed following the hearings.

"Apologizing is great politics," said Alan Ehrenhalt, author of "The Politics of Ambition." He added, "It's basically quite becoming, especially in people you don't expect to apologize."

If the world warms as much as computers predict, the great forests of eastern North America could shift northward as much as 600 miles (about 1,000 kilometers) over the next 200 to 500 years, according to Science magazine. Birch and Appalachian spruce could migrate to Canada, to be replaced in the northeastern United States by loblolly and slash pines, now the dominant timber crop of the South. Northern conifers would be pushed far into Canada, perhaps converting the tundra to a tree-dotted landscape. And the prairies of the Midwest could sweep eastward, perhaps as far as Pennsylvania and New York.

America's most delinquent father has been sentenced by a Phoenix, Arizona, judge to 18 months in prison for failing to pay more than $74,000 in child support over the last 10 years. Gregory Morey, 35, a coffee shop manager, headed a "most wanted" list circulated by the National Council of State Child Support Enforcement Administrators. He admitted buying three new cars and taking a vacation to Disneyland while his wife and three children were on welfare. The Arizona attorney general Grant Woods said, "Sentences like this send a message to delinquent fathers that this is taken seriously."

The Orlando Magic of the National Basketball Association has a new center, Stanley Roberts, who played last year for Real Madrid. The team's general manager, Pat Williams, said of his 320-pound (144-kilogram) recruit, "His idea of a balanced meal is a Big Mac in each hand."

Arthur Higbee

Lamor Waters/Reuters

William Kennedy Smith after the first day of jury selection at his trial in West Palm Beach, Florida.

Kennedy Is Focus at Kin's Trial

Potential Jurors in Rape Case Discuss Senator's Behavior

By Mary Jordan
Washington Post Service

WEST PALM BEACH, Florida — Although Senator Edward M. Kennedy did not appear at the chaotic opening of his nephew's rape trial, he was the most discussed person during the start of jury selection.

"We have a fear in this case that people will hold Chappaquiddick against Will Smith," said Roy E. Black, attorney for Mr. Kennedy's nephew, William Kennedy Smith. He was referring to the 1969 drowning at Chappaquiddick, Massachusetts, where a woman passenger died when Mr. Kennedy drove a car off a bridge.

Mr. Smith, 31, is on trial on charges that he raped a woman at the Kennedy estate in Palm Beach on March 30. Mr. Black began the process of selecting a jury Thursday by dwelling heavily on the behavior of Mr. Kennedy, a Massachusetts Democrat.

Under defense questioning, prospective jurors repeatedly talked about Mr. Kennedy's drinking, his relationships with women and his performance during the recent confirmation hearings of Justice Clarence Thomas for the Supreme Court.

Asked by Mr. Black to cite "the worst thing" they had heard about the Kennedys, several mentioned the Chappaquiddick incident.

Dorothy Wixted, 62, one of eight potential jurors who were questioned by Mr. Black for about 40 minutes each, said she believed that all the Kennedy men were "womanizers."

Mr. Smith who according to sources close to the defense has been coached extensively on his demeanor during jury selection, stood and introduced himself to each jury candidate, smiling and saying, "Hello."

All eight jury candidates said they knew about the alleged rape, and many offered details about what the accuser, a 30-year-old Jupiter, Florida, woman, was wearing at the time and the name of the Palm Beach nightclub where she said she met Mr. Smith.

But the defense spent considerable time trying to determine potential jurors' attitudes about the Kennedy family. "Some people think they have a good reputation, and some think they have a bad reputation," Mr. Black told the panel several times. "What do you think?"

Cathy E. Bennett, a jury consultant from Texas who has worked in other high-profile cases, continually handed notes to Mr. Black during his questioning. Her associates, Rebecca Khristy and Robert Hirschorn, took up different positions in the courtroom, which accommodates 40 people, and monitored prospective jurors' responses, gestures and eye contact with the defense.

Congress Blocks B-2 Request

Action Sharply Cuts Chance of More Stealth Bombers

By John Lancaster and Steven Pearlstein
Washington Post Service

WASHINGTON — House and Senate conferees, struggling over how to tailor the 1992 defense budget to the shrinking Soviet threat, have turned down the administration's request for new purchases of the costliest aircraft in U.S. history, the B-2 Stealth bomber.

The decision by the House and Senate armed services committees to forgo new purchases of the plane, which cost $865 million each, does not necessarily shut down the program or rule out the possibility of at least one more plane beyond the 15 authorized.

But Congressional sources described the agreement as a near-fatal blow because the purchase of additional planes must be approved by the House, which has consistently voted against the program, and the Senate.

"I would say the chances of any more planes being built would have to be labeled as nearly impossible," said Representative John R. Kasich, Republican of Ohio, a member of the House committee and critic of the program. "The only way that we will have more than 15 is for the House to approve it, and I don't believe we will do that."

Three of the first 15 B-2s ordered by the air force have been delivered, and the remaining 12 are in production, according to the contractor, Northrop Corp.

Conferees reached the B-2 agreement Thursday in the final hours of negotiations over the shape of the Defense Department's $291 billion spending plan, which has become a lightning rod in the debate over how to adapt U.S. military plans to the changed climate of East-West relations.

In another area, conferees agreed to spend $4.15 billion on the anti-missile defense system known as the Strategic Defense Initiative, substantially less than the $5.2 billion sought by the White House but more than the $3.5 billion approved by the House. The conference members also agreed to remove air force and navy prohibitions on women serving as pilots or crew members of combat aircraft, sources said.

The compromise military authorization bill will now go back to the Senate and House, which are expected to approve it.

The most contentious issue discussed during the conference was the fate of the B-2, which was developed during the Reagan-era military buildup largely in response to air force concerns about Soviet air defenses. As Cold War tensions have relaxed, the air force has de-emphasized the B-2's nuclear role in favor of its potential striking power in a conventional war.

Going Home, Mrs. Marcos Is Angry

Compiled by Our Staff From Dispatches

HONOLULU — Imelda R. Marcos, the widow of Ferdinand E. Marcos, launched a verbal attack Friday on President Corazon C. Aquino as she prepared to return to the Philippines after nearly six years in exile in the United States.

In an interview published in Manila, Mrs. Marcos, who is under indictment in the Philippines for misappropriation of public funds during the presidency of Mr. Marcos, said: "Marcos was a thief? And these feudal lords would tell us so? Mrs. Aquino is a feudal lord."

Mrs. Marcos arrived in Honolulu aboard a chartered Boeing 747. She was accompanied by more than 50 supporters and a dozen plainclothes American security guards, who shoved welcomers and journalists out of the way. Mrs. Marcos is scheduled to spend the weekend by the temporary grave of her husband here before flying to Manila on Monday.

"I hope I can bring back the body," she said when asked about a statement by her son, Ferdinand Junior, who arrived in Manila earlier Thursday and said he had returned to prepare for a Philippine burial for his father. *(Reuters, AP)*

Israelis Question Effectiveness of Patriot Missiles

By Eric Schmitt
New York Times Service

WASHINGTON — Senior Israeli scientists and military officers have disclosed new information indicating that the U.S. Patriot missiles used in Israel in the Gulf war destroyed far fewer Scud missile warheads than previously believed, according to Israeli and Defense Department officials.

Over the last few weeks, senior Israeli Air Force officers and civilian scientists have related these new findings to military analysts in Israel and to senior researchers at the Pentagon.

They indicate that the Patriots destroyed fewer than 44 percent of the Iraqi Scud missile warheads, the figure both the Israeli government and the missile's maker, Raytheon Corp., had offered immediately after the war.

Under the new analysis, the estimate ranges between zero and 20 percent of the warheads.

Pentagon and Israeli officials say the new analysis contributes to a continuing re-evaluation of the missile system, which was hailed as a high-technology hero of the war.

An Israeli official acknowledged Wednesday that there was "strong evidence to suggest" that the number of Scud warheads destroyed "may be lower" than the government's official estimate.

Israeli officials caution, however, that the military is divided over the new technical analysis and, to some extent, over the definition of a destroyed warhead. Some officials are saying a missile warhead is destroyed only when it blows up in the air, while others interpret a "kill" more broadly to include any warhead that failed to explode when it hit the ground and that caused no significant damage.

The split in the military largely mirrors the growing tensions in Israel between supporters of the Patriot system and backers of a new anti-ballistic missile system called the Arrow, being designed by Israeli and American engineers.

The Arrow is designed to strike warheads at much higher altitudes and greater ranges than the Patriot, an important advantage in destroying missiles tipped with chemical or biological weapons. Israel now has two batteries of Patriots and recently ordered a third for delivery in 1993. Earlier this year, Israeli military officials said they had ordered the Patriots as an interim measure until the Arrow was deployed.

A spokeswoman for the Israeli Embassy in Washington, Ruth Yaron, said the government had not changed its official version of the Patriot's success rate.

The new analysis was first reported last week in the Israeli daily Ha'aretz. The author of the article, Reuven Pedatzur, along with Theodore A. Postol, a professor of national security policy at the Massachusetts Institute of Technology, argues that the Patriots deployed in Tel Aviv and Haifa destroyed few if any Scud warheads.

The Patriot is supposed to detonate in close proximity to the target missile, spraying it with shrapnel that is supposed to destroy it. But because of the Scuds' high speed, Mr. Pedatzur said in a telephone interview from Tel Aviv, the Patriots often exploded closer to the end of the missile body.

A spokesman for Raytheon, Robert A. Skelly, called the new theory "dead wrong" and said the company was "shadowboxing with inference and innuendo."

But a senior Pentagon scientist who was briefed last week by Israeli officers and scientists issued confirmation Wednesday of the lower "kill" rate.

The scientist, who asked not to be identified, said that of 12 Scud engagements videotaped by Israeli researchers, Patriots failed to destroy any of the warheads.

WORLD BRIEFS

French Force Leaves for Cambodia

PARIS (Combined Dispatches) — The first French contingent of a United Nations peacekeeping force left for Cambodia on Friday at the start of what is expected to be the largest and most expensive force in UN history.

The Defense Ministry said that the soldiers would stop in Thailand before going on to Cambodia as part of an advance unit of the UN force to be deployed in the next few months. The deployment followed Security Council action on Thursday formally authorizing Secretary-General Javier Pérez de Cuéllar to organize a peacekeeping operation.

The Defense Ministry said France would fly four Puma helicopters and five freight aircraft to Cambodia in the next few days. Brigadier-General Jean-Michel Lorodon will command the 270-man military and civilian vanguard, which includes 111 French troops. The UN forces could number up to 10,000 and are charged with disarming combatants and policing a cease-fire under the agreement signed in Paris by Cambodian leaders on Oct. 23. *(Reuters, AFP)*

War Hero Protests Award to Quayle

SEATTLE (AP) — A World War II veteran who was awarded the nation's highest military honor has resigned from the Medal of Honor Society to protest its decision to give a Patriot Award to Vice President Dan Quayle.

"For an organization that is composed of people who have all served in the armed forces — and served very well — to give this award to someone who did everything he could to avoid military service is inappropriate," the veteran, Richard McCool, said.

Mr. McCool, 69, who won the Medal of Honor in 1945 for heroism after a Japanese kamikaze plane smashed into his ship off Okinawa, said giving the Patriot Award to Mr. Quayle was "particularly unsuitable" in light of his reported use of family connections to get into the Indiana National Guard instead of the active forces during the Vietnam War.

ANC Criticizes Pretoria Over Land

JOHANNESBURG (Reuters) — The African National Congress on Friday criticized the South African government's decision to hand over huge farmland tracts to an apartheid-created tribal homeland.

An ANC spokesman, Carl Niehaus, said the government's decision to grant about one million hectares (2.5 million acres) of South African land to quasi-independent Bophuthatswana flew in the face of the government's commitment to scrap apartheid.

The land affairs minister, Jacob de Villiers, said the transfer was in line with decisions made by central government as long ago as 1975 and did not represent a new policy toward the homelands. He said that the government of Bophuthatswana "has been utilizing the majority of the properties" for some time.

North Koreans Assail War Games

TOKYO (Reuters) — A huge U.S.-South Korean military exercise that began Friday is threatening progress made in inter-Korean dialogue, North Korea's leading newspaper said.

The decision to go ahead with what it called dangerous war games so soon after prime ministerial-level contacts between the two hostile states was a reckless gamble against dialogue and reunification, the daily Rodong Sinmun said. The daily, which speaks for North Korea's Stalinist leadership, said the Foal Eagle maneuvers south of the 1953 Korean War truce line "will render the situation of our country more strained."

According to the U.S. military newspaper Stars and Stripes, up to 3 million troops — most of them South Korean regulars and reservists, but including U.S. units — are taking part in what is termed a defensive exercise.

Transition Rule Set for Madagascar

ANTANANARIVO, Madagascar (AP) — President Didier Ratsiraka will take part in a joint transition government with the opposition to prepare for new elections, according to an arrangement announced Friday.

Mr. Ratsiraka and the opposition leader Alber Zafy will in effect share power after sometimes violent protests that rocked this island nation off southwestern Africa since June.

Mr. Ratsiraka remains president and titular head of state, but Mr. Zafy was named president of the "High Authority of the State" for the transition period to new elections.

For the Record

Justice Clarence Thomas took the bench on the U.S. Supreme Court on Friday, in a courtroom ceremony that re-enacted the judicial oath he took in private on Oct. 23. He pledged to "administer justice" and "do equal right to the poor and to the rich." *(AP)*

A former astronaut, Robert L. Crippen, 54, has been named by the National Aeronautics and Space Administration to direct the Kennedy Space Center. *(AP)*

TRAVEL UPDATE

Berlin subway traffic was delayed after a crowded train jumped the tracks and slid to a halt in a tunnel Friday near Alexanderplatz, transport authorities said. There were no serious injuries. *(AFP)*

Public transport prices in Budapest will go up by an average 35 percent from January after a decision by the Municipal General Assembly on Thursday, the MTI press agency said Friday. *(AFP)*

Japan Air Lines will inaugurate a twice-weekly service Sunday between Berlin and Tokyo, the first direct route between the two cities, the carrier said. JAL will also fly to Munich from the middle of next year. *(AFP)*

The Weather

Forecast for Sunday through Tuesday

North America
Unusually cold weather will dominate the heart of the United States into early next week. Aside from flurries, Chicago and Detroit should remain dry. Rain is possible Monday in New York City. It will be dry in California through Tuesday.

Europe
A large storm will bring spells of rain and gusty winds to all of Western Europe Sunday into Tuesday. Paris to London will turn a bit cooler early next week with plenty of clouds and showers. The eastern Mediterranean and Turkey will be chilly.

Asia
After some rain Sunday, Seoul will be cold and dry. Tokyo will have some sunshine Sunday and showers on Monday. A few showers could dampen Hong Kong Sunday and Tuesday. Sunshine will warm Bangkok, Manila and Singapore much of the time.

Europe

	Today High C/F	Today Low Wx C/F	Tomorrow High C/F	Tomorrow Low Wx C/F
Algarve	22/71	13/55 pc	22/71	14/57 s
Amsterdam	12/53	7/44 r	13/55	6/43 sh
Ankara	6/43	1/34 sf	4/39	0/32 sf
Athens	17/62	7/44 pc	14/57	7/44 sh
Barcelona	18/61	9/48 s	21/70	10/50 s
Belgrade	11/52	-1/31 s	14/57	1/34 s
Berlin	9/48	2/35 sh	13/55	5/41 s
Brussels	16/61	7/44 r	14/57	6/43 sh
Budapest	6/43	-3/27 pc	14/57	1/34 pc
Copenhagen	11/52	4/39 r	11/52	8/46 sh
Costa Del Sol	24/75	16/61 s	24/75	17/62 s
Dublin	13/55	8/46 sh	12/53	6/43 sh
Edinburgh	12/53	7/44 sh	12/53	5/41 sh
Florence	15/59	1/34 s	16/61	2/35 pc
Frankfurt	15/59	7/44 r	16/61	6/43 sh
Geneva	16/61	7/44 sh	16/61	9/48 sh
Helsinki	3/37	-2/28 pc	10/50	6/43 sh
Istanbul	9/48	3/37 c	9/48	2/35 c
Las Palmas	24/75	14/57 s	26/79	15/61 s
Lisbon	18/64	13/55 pc	19/66	13/55 pc
London	14/57	9/48 c	12/53	8/46 sh
Madrid	21/70	10/50 pc	20/68	11/52 pc
Milan	13/55	1/34 pc	13/55	2/35 pc
Moscow	-1/31	-8/18 s	3/37	-3/27 s
Munich	11/52	3/37 pc	15/61	6/43 c
Nice	18/64	6/43 pc	18/64	7/44 s
Oslo	11/52	4/39 r	11/52	7/44 sh
Paris	14/57	8/46 c	14/57	7/44 r
Prague	12/53	2/35 sh	13/55	3/37 sh
Reykjavik	8/46	3/37 sh	9/48	3/37 sh
Rome	14/57	4/39 s	16/61	7/44 pc
St. Petersburg	3/37	-3/27 pc	10/50	6/43 sh
Stockholm	8/46	4/39 c	11/52	7/44 sh
Strasbourg	16/61	8/46 sh	16/61	10/50 sh
Tallinn	2/35	-1/31 pc	11/52	7/44 sh
Venice	14/57	1/34 pc	14/57	2/35 pc
Vienna	11/52	-1/31 pc	14/57	2/35 pc
Warsaw	6/43	-1/31 pc	13/55	2/35 sh
Zurich	12/53	3/37 sh	13/55	6/43 c

Middle East

Beirut	25/77	9/48 sh	24/75	9/48 t
Cairo	26/79	12/53 pc	24/75	9/48 sh
Damascus	24/75	14/57 s	23/73	14/57 s
Jerusalem	23/73	14/57 sh	22/71	13/55 sh
Riyadh	33/91	16/61 s	33/91	14/57 s

Oceania

Auckland	22/71	10/50 sh	21/70	10/50 r
Sydney	23/73	15/61 s	24/75	17/62 s

Asia

	Today High C/F	Today Low Wx C/F	Tomorrow High C/F	Tomorrow Low Wx C/F
Bangkok	31/88	21/70 pc	31/88	21/70 pc
Beijing	12/53	-1/31 s	12/53	-1/31 s
Hong Kong	28/82	22/71 s	28/82	22/71 s
Manila	31/88	24/75 pc	31/88	24/75 sh
New Delhi	31/88	18/64 s	31/88	18/64 pc
Seoul	14/57	1/34 pc	11/52	-1/31 s
Shanghai	17/62	6/46 pc	17/62	8/46 pc
Singapore	34/93	23/73 pc	33/91	23/73 pc
Taipei	27/80	21/70 s	27/80	21/70 s
Tokyo	20/68	11/52 pc	21/70	10/50 pc

Africa

Algiers	28/82	14/57 s	28/82	18/61 s
Cape Town	23/73	13/55 pc	23/73	13/55 pc
Casablanca	22/71	17/62 pc	22/71	17/62 pc
Harare	32/89	18/61 pc	31/88	18/61 pc
Lagos	28/82	22/71 pc	28/82	22/71 pc
Nairobi	28/82	11/52 pc	28/82	11/52 pc
Tunis	22/71	8/46 pc	22/71	8/46 pc

Latin America

Buenos Aires	22/71	12/53 sh	22/71	13/55 pc
Caracas	31/88	23/73 sh	31/88	23/73 pc
Lima	21/70	8/46 pc	21/70	7/44 s
Mexico City	23/73	10/50 pc	20/68	7/44 c
Rio de Janeiro	28/82	21/70 pc	29/84	21/70 pc
Santiago	28/82	8/46 s	28/82	8/46 s

North America

Anchorage	7/44	3/37 c	9/48	-1/31 s
Atlanta	15/59	3/37 s	19/66	7/44 pc
Boston	17/62	8/46 sh	15/59	4/39 pc
Chicago	1/34	-6/22 pc	0/32	-9/16 pc
Denver	-7/20	-11/13 sn	-3/27	-9/16 s
Detroit	6/43	-3/27 pc	6/43	-4/25 pc
Honolulu	30/86	21/70 pc	30/86	21/70 pc
Houston	18/64	8/46 s	20/68	4/39 pc
Los Angeles	24/75	11/52 s	20/68	12/53 s
Miami	30/86	22/71 pc	29/84	22/71 pc
Minneapolis	-7/20	-12/11 sf	-3/27	-11/13 s
Montreal	12/53	2/35 sh	8/46	-2/29 pc
Nassau	29/84	25/73 t	29/84	23/73 pc
New York	18/64	7/44 pc	14/57	4/39 s
Phoenix	26/79	11/52 s	25/77	10/50 s
San Fran.	18/66	9/48 s	20/68	8/46 s
Seattle	9/48	2/35 s	11/52	4/39 pc
Toronto	9/48	1/34 pc	8/46	-1/31 pc
Washington	20/68	7/44 pc	19/66	6/43 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice.
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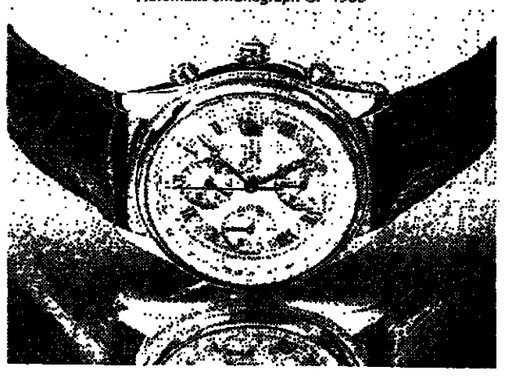
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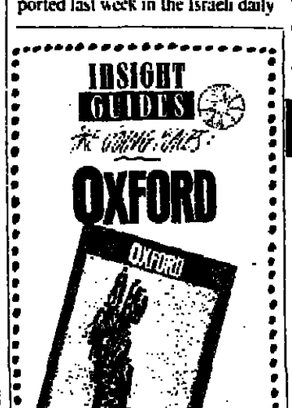

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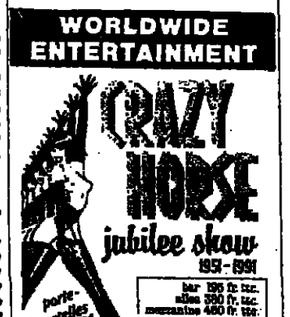

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MEETING IN MADRID: Bleak symbols in the conference hall, and differing reactions in Cairo and Amman

Emotions Run High In Jordan While In Cairo, Ho Hum

By Chris Hedges
New York Times Service

CAIRO — History may have been in the making at the Middle East peace conference in Madrid, but you would have had a hard time explaining that to any of the patrons in Al Hussein Cafe in Cairo.

The gurgle and smoke of the water pipes, the syrupy sweet coffee in tiny porcelain cups, the card games and endless chatter that consumes so many lives here, were barely disrupted by the parade of dignitaries, all in suits and ties and speaking in a foreign tongue, who had their moment on the screen overhead and then disappeared from view.

Egypt, after all, is at peace with Israel. And the posturing by Palestinians and Israelis, neither of whom have garnered much affection from the average Egyptian, means little to those struggling to get by in a city that often seems as if it is on the brink of ruin.

"When Sadat went to Jerusalem everyone followed it," said Raouf Ibrahim, a 40-year-old truck driver. "But for the Egyptians, the Palestinian case is dead."

The lethargic lack of interest that seemed to hang with the smog and dust over Cairo was replaced in Amman, Jordan, by discussions about every statement at the conference. Taxi drivers and shop owners blared the live reports from Madrid, as if it were the World Cup soccer finals, over their radios and television sets.

To the Jordanians, more than 50 percent of whom are of Palestinian descent, each nuance was noted, the way chess enthusiasts analyze every move in a championship match.

In the Jerusalem Cafe in downtown Amman, half a dozen customers pulled their chairs up to watch the television as Prime Minister Yitzhak Shamir of Israel spoke. They sat somber and reflective as he took a familiar hard-line stance against handing over occupied territories.

"Everybody is following every bit of news from the radio, television," said Adil Haddad, a 37-year-old shoe salesman, "because this impacts our future.

"This is the first time we have had a chance for peace," said Abdu Amim, the Palestinian owner of the Jerusalem Cafe.

There have been daily demonstrations against the conference by Muslim militants and leftist student groups at Cairo University, although the protests have drawn only a few hundred people and all have passed without incident.

The Egyptian police arrested more than 60 people for distributing leaflets that denounce the Madrid meeting and call for a holy war against Israel.

An editorial in the Egyptian newspaper Al Akhbar called those opposing the conference "short-sighted and still captivated by the era of struggle through slogans and hollow statements."

The fundamentalist Muslim Brotherhood in Jordan said attacks on Israelis would not stop, even if a peace agreement was signed in Madrid. But university students apparently ignored a call by the militants to protest the conference.

The region's radical governments, like those of the Sudan, Libya and Iran, attacked the Arab countries and Palestinians who went to Madrid.

Libyans, Sudanese, Lebanese and Iranians demonstrated in government-approved rallies that were replete with anti-American chants and denunciations of Israel.

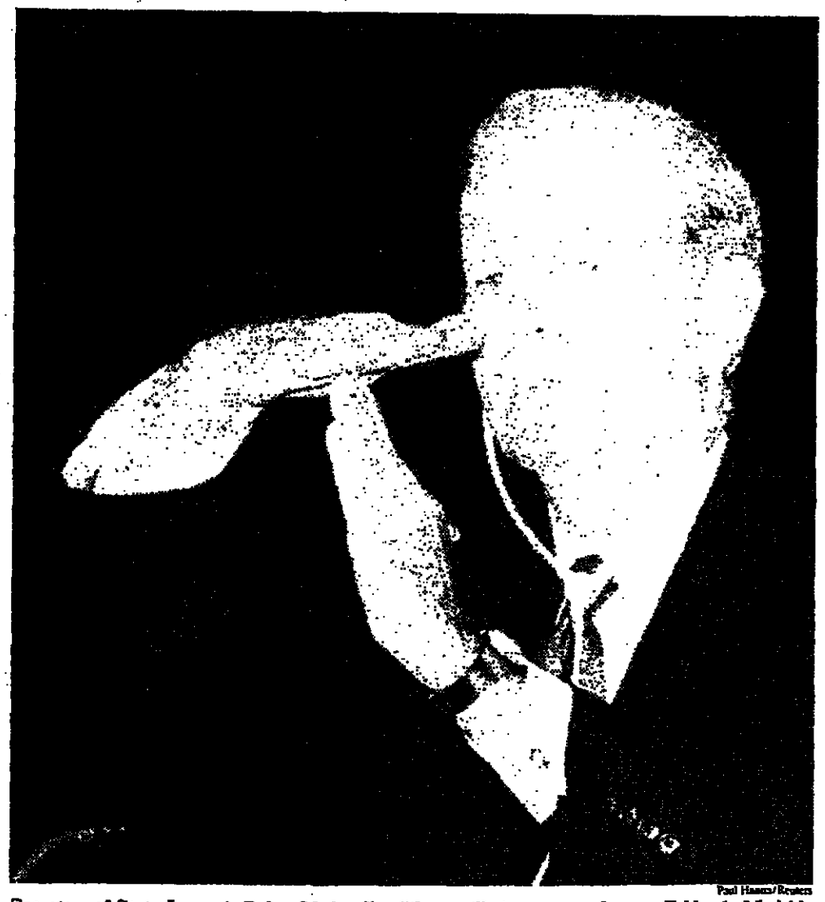
Iranian radicals have called for those Arabs who went to Madrid to be given "the death sentence."

In Khartoum, the Sudanese capital, hundreds of people, mainly secondary students let out from classes, marched through the capital and burned an Israeli flag.

But for the most part the region was quiet.

A 50-year-old Egyptian barber sat at a table in Al Hussein Cafe sipping coffee. He, along with the 15 others at the small wooden tables, barely glanced up at the television set as Mr. Shamir spoke, his voice dubbed by an Arab interpreter.

"If a belly dancer appeared," he said, "then I would watch."



Paul Hanna/Reuters

Secretary of State James A. Baker 3d signaling "time out" at a news conference Friday in Madrid.

Bush Clears Military Aid for Jordan

By Clifford Krauss
New York Times Service

WASHINGTON — Ending a seven-month ban, the Bush administration has agreed to give $22 million in military assistance to Jordan in appreciation for King Hussein's participation in the Madrid peace conference, according to Jordanian and U.S. officials.

Congress had blocked an administration request for $55 million in economic and military aid to Jordan in March to punish the king for his tilt toward Iraq during the Gulf war.

The legislation included a provision allowing President George Bush to restore the aid if he determined that Jordan was supporting peace talks in the Middle East.

Mr. Bush released $35 million in economic aid in July, and two weeks ago he sent Congress a letter saying he was pleased with Jordan's cooperation in the peace process, which includes participation in the Madrid conference in a delegation with Palestinian representatives.

A spokesman for the Jordanian Embassy in Washington, Timoor Daghistani, said his government and the administration had signed documents providing for $20 million in aid and $2 million for training. He said it was still not clear when arms shipments would resume, or what kind of weaponry would be included.

"We're happy," he said. "It's an indication that relations are coming back to normal."

James P. Covey, deputy assistant secretary of state for Near Eastern affairs, briefed a closed session of the Senate Foreign Relations Committee on Wednesday on the resumption of military aid. But officials said they were not ready to announce the agreements publicly.

The resumption of U.S. aid comes as a relief to Jordan, which is strained by an $8 billion foreign debt as it struggles to resettle 270,000 Jordanians, mostly of Palestinian origin, who fled Kuwait after Iraq's invasion.

Old Ghosts and Open Enmity Haunt the Peace Prospects

By Alan Cowell
New York Times Service

MADRID — It began on Wednesday, a convocation of averted glances and splintered visions, in the Hall of Columns where a queen and a dictator once lay in state. And when its formal sessions closed Friday, the Middle East peace conference adjourned with symbols just as bleak — an empty chair at the head of Israel's delegation and an old photograph supposed to show that Yitzhak Shamir, the Israeli prime minister, had been a murderer and a terrorist.

Other ghosts came to haunt the gathering. For the first time Friday, delegates teetered toward the most visceral of their differences — the chasm of faith in a region that sustains Jews and Muslims and Christians, and never-buried memories of Middle East wars seemed recalled to life in word and gesture and reflex that left no room for conciliation.

It started, though, as a day of pro forma rebuttals, when each of the delegations — Israeli, Syrian, Egyptian, Lebanese and a Jordanian-Palestinian group — would be given 10 minutes to respond to the acrimony of Thursday and then, in optimistic planning, move on to something less toxic.

□

A rose-tinted dawn and television klieg lights chased fog from the archways and columns of the royal palace. Sirens wailed, heralding limousines bearing participants.

The palace, an aide explained, was completed between 1738 and 1764. The Hall of Columns was used as a dining-room until 1879, when Queen Maria Christina died and King Alfonso XII ordered that her body lie in state there. Thereafter, the aide said, the monarch could no longer face his meals there. Franco had lain there, too, after his death in 1975, he added. Then the distractions ended.

□

Mr. Shamir spoke first. He invited his Middle Eastern adversaries to Israel to talk, but he singled out Syria as meriting "the dubious honor of being one of the most oppressive, tyrannical regimes in the world," where the Jewish minority had "been exposed to cruel oppression, torture and discrimination of the worst kind."

Then Mr. Shamir left, so as to be home before sunset marked the start of sabbath. "I trust that no one will see in this a sign of disrespect," he said, but some did. Arab delegates noted that he was back in Tel Aviv well before dusk — in time to hold a news conference — while orthodox Jewish members of his delegation remained in Madrid.

The Palestinian delegate, Haider Abdul Shafi, called it "a pretext."

"Our deliberations are as important as any religious rite," he said. "Friday is a holy day for us, and we choose to stay rather than go for our religious rites," he said, referring to the prayers Muslims are supposed to perform five times a day, particularly on Friday.

It was not the only time that faith intruded.

Even Boris D. Pankin, the Soviet foreign minister who was technically co-chairman with Secretary of State James A. Baker 3d, alluded to the Book of Ecclesiastes, speaking of "a time to destroy, a time to build" — a break with the denial of faith that once constituted official Soviet policy.

But there were more somber moments, recalling the deep and powerful currents of religious passion that underlie any talk of peace in a region where the world's three great monotheistic religions claim the same city — Jerusalem — as sacred.

At a news conference, the Palestinian spokeswoman, Hanan Ashrawi, was queried by a man who described himself as "a Christian from America" and who said he wanted to address the issue of Judea and Samaria — the Biblical terms Israelis use to denote the occupied West Bank.

Mrs. Ashrawi bridled at the use of the terminology. "I am a Palestinian Christian," she said, "I am descended from the oldest Christian community in the world. Jesus Christ was born in my country."

At another news gathering, Farouk Shara, the Syrian foreign minister, renewed an assertion that no Israelis believe. "We have always been kind with the Jews," he said.

At the conference itself, Mr. Shamir and Mr. Shara collided bitterly over that assertion, the Israeli leader saying the Syrian argument "stretches incredulity to infinite proportions."

That seemed to prove that the conference had provided a unique forum for a particular rage: For the first time, Syrians and Israelis in particular could utter the same harsh denunciations, face-to-face, as they routinely do within their own their lands, out of direct earshot. Now the foe was only a table away, and neither side could resist the temptation.

□

In Israeli eyes, Syria is, as Mr. Shamir put it, "the home of a host of terrorist organizations that spread violence and death to all kinds of innocent targets, including civil aviation, and women and children of many nations."

Several speeches later, Mr. Shara responded with an extraordinary personal denunciation of Mr. Shamir, although the latter's chair by then was empty.

"I shall just show you, if I may, a photograph, an old photograph of Shamir at the age of 32," Mr. Shara said. He dug among his documents and held to his chest what looked like an old mug shot. "The information was widely distributed in Europe at the time. The caption says he is 32 years old; he is 165 centimeters tall. And then the other descriptions we all know." He glanced around the room for effect and the cameras.

The photograph "was distributed because he was wanted," Mr. Shara said. "He himself recognized that he was a terrorist, that he practiced terrorism and that he helped in the assassination of Count Bernadotte, the UN mediator in Palestine, as I recall, in 1948. He killed peace negotiators, and then he talks of Syria, Lebanon and terrorism."

The event that Mr. Shara was evoking was the assassination of Count Folke Bernadotte, a United Nations mediator in 1948. In recent years, several members of the group known as the Stern Gang have acknowledged responsibility for the killing, and Mr. Shamir has not challenged assertions that he was a member of the group.

The moment left Israeli negotiators staring blankly ahead.

Mr. Shara had exceeded his allotted 10 minutes, and Mr. Pankin told him to stop.

Israel Shells Guerrillas In Lebanon

Reuters

NABATIYEH, Lebanon — Israeli planes and artillery on Friday attacked pro-Iranian guerrillas in an apparent attempt to pin down the guerrillas during the Middle East peace talks in Madrid.

Security sources said planes made two raids near the southern Lebanese village of Louweizeh, held by the pro-Iranian Hezbollah, the militant Party of God, and fired two rockets at a small bridge near the village of Arab Selim.

Witnesses said the bridge was destroyed. Tucked below Hezbollah bases on rocky hillsides, it connected the market town of Nabatiyeh with the Iqlim el Toufah region, where Hezbollah has its main remaining stronghold in the south.

The air raids were followed by an artillery bombardment of Louweizeh and Nabatiyeh by Israeli and allied South Lebanon Army gunners, witnesses said.

Three civilians were wounded in the shelling but there were no reports of casualties from the air strikes.

Israel, which with the 3,000-member South Lebanon Army holds a 15-kilometer (9-mile) deep "security zone" in south Lebanon, has vowed to retaliate against guerrilla raids, regardless of the Madrid peace conference.

Security sources said Israeli and South Lebanon Army artillery batteries in the south launched 40 shells during the afternoon before the air raids at sunset. About 180 shells were fired in the morning.

"This appears to be largely deterrent shelling," a security source said. "Or you could call it political shelling," he said, adding that low casualties showed that the guerrillas were under cover.

Israeli troops and the South Lebanon Army have been shelling in and around Nabatiyeh for the past three days in what security sources said was a bid to pin down guerrillas.

Muslim sources said they could be hitting targets like bridges to hamper guerrilla movement before launching a swift Israeli ground raid against Hezbollah.

Lebanese security sources said Israeli gunboats had appeared off the Lebanese coast and Israeli helicopters were seen flying over parts of the south after the air strikes.

Israeli helicopter gunships hit a Palestinian refugee camp and Hezbollah office in Nabatiyeh on Tuesday after guerrillas killed three Israeli soldiers and wounded six on the eve of the Madrid conference.

The air raids on Friday came several hours after about 2,500 supporters of Hezbollah and radical Palestinian groups marched in the southern port of Sidon to protest the peace talks.

"Jihad is the only way to liberate Palestine," said Naim Qassem, a Hezbollah official.

Gabriel Pilor/Agence France-Presse

An Israeli border policeman pointing at photographers in front of a roadblock in Ramallah in the West Bank on Friday. The police blocked the streets near a rally by about 300 Palestinians in support of the peace talks. Two photographers were briefly detained.

West Bank Rally Supports Madrid Talks

Compiled by Our Staff From Dispatches

RAMALLAH, Israeli-Occupied West Bank — Hundreds of young Palestinians defied Israeli soldiers Friday by demonstrating in support of the Madrid peace conference.

But thousands of other Muslims throughout the region protested the talks.

The pro-Madrid Palestinians were mostly young men and women who have been battling Israeli soldiers with stones for nearly four years.

At a rally in a Ramallah school, they cheered when Sari Nusseibeh, an adviser to the 14 Palestinian negotiators in Madrid, told them their uprising was bearing fruit.

"You, who yesterday challenged the bullets of the enemy, are challenging him today with the olive branch," Mr. Nusseibeh said.

Palestinians are split over the historic Arab-Israeli meeting in Madrid. Followers of the Palestine Liberation Organization back the decision to send a delegation to Madrid.

Muslim fundamentalists and leftist radicals are opposed.

Israeli soldiers in Ramallah blocked roads in front of the 300 pro-talks demonstrators and a convoy of cars honking horns.

The soldiers pushed foreign reporters, tried to take cameras away from photographers, and ordered demonstrators and journalists to go home. Two photographers were briefly detained.

Mr. Nusseibeh told the rally:

"Through our presence, we managed to go to Madrid with our heads high and to convey to international public opinion that we are seekers of freedom and independence.

"We are a people who throw stones not because we hate anybody or because we want to throw anybody into the sea. We threw the stones because we want freedom."

But elsewhere in the region, there were calls for jihad against Israel.

Thousands of people burned Israeli and U.S. flags and marched through the streets of the southern Lebanese port of Sidon to protest the Madrid talks.

The demonstration involving mainly Sunni Muslim fundamentalists was one of several that occurred in Lebanon since the start of the Madrid talks on Wednesday.

Sunni Muslim clerics, after Friday prayers and in response to calls from Lebanese and Palestinian fundamentalist groups, led an estimated 2,000 people through Sidon.

In Tripoli, the main city of northern Lebanon, about 100 Muslim militants flocked to the main mosque where religious leaders denounced the peace conference.

About 2,000 Palestinian refugees marched through the streets of the Badawi camp in the suburbs of Tripoli to protest the conference, but there was no sign of protest in the Sidon refugee camps.

All was relatively quiet at Ain el Helwe, for example, which with 75,000 inhabitants is the largest Palestinian community in Lebanon.

The Fatah faction of the PLO, headed by Yasser Arafat, which supports the peace conference, dominates in that Sidon camp.

Representatives of El Fatah are absent from the camps in north Lebanon, which are controlled by pro-Syrian Palestinian organizations.

In the Burj el Brajneh camp in the Beirut suburbs, demonstrators placed a wreath at the foot of Martyrs Monument before speakers assailed the conference.

In Jordan, more than 4,000 Muslim fundamentalists gathered at Amman's main mosque to denounce the Madrid talks.

Leading members of Jordan's Muslim Brotherhood movement, which is the largest bloc in parliament and opposes talks with Israel, said the conference was a complete sellout by Arabs.

One of them urged Muslims worldwide to attack Israeli diplomatic missions and other interests that would open in Arab capitals if ties were established as a result of the Madrid conference.

"The duty of all Muslims is to hit the embassies and interests of the Jews in any Arab spot they will show up at," Ahmed Qteish Azaideh, the spokesman of the 22 members of the brotherhood bloc in parliament, told worshipers.

"Our lengthy battle with world Zionism has just started with the Madrid talks and, God willing, it will end in our victory," he added.

He said however that Muslim groups in Jordan would use only democratic means and not violence to express their opposition.

In Istanbul, about 1,000 Turkish Muslim fundamentalists chanting "Down with america," "Down with Israel" and "Long live Palestine" marched after Friday prayers to protest the talks.

The protesters, carrying banners reading "Zionist Israel, get out of jerusalem," "God is great" and "Islamic movement cannot be stopped," burned Israeli and U.S. flags outside Istanbul's Bayazit Mosque.

The demonstration, which ended without violence, followed two car bomb attacks Monday that killed a U.S. Air Force computer specialist and injured an Egyptian diplomat in Ankara.

The bombings were claimed by a group calling itself Turkish Islamic Jihad, which said the attacks were in protest over the peace conference.
(Reuters, AFP, AP)

Huge Protest in Algiers

Reuters

ALGIERS — Hundreds of thousands of Muslim fundamentalists marched through Algiers on Friday, calling for an Islamic state instead of elections set for Dec. 26.

It was the biggest demonstration since fundamentalist riots prevented Algeria's first democratic national election in June. Witnesses said 300,000 to 400,000 supporters of the Islamic Salvation Front, the main opposition party, took part.

The protesters marched in a column three kilometers (two miles) long, demanding the release of leaders imprisoned in June.

PEACE: *Damascus Stalls on Accord to Resume Talks*

(Continued from page 1)

are satisfactorily resolved," he said. Mr. Baker spoke after spending two hours in an unscheduled, last-minute attempt to forge an agreement on the location and timing of the bilateral meetings.

Mr. Baker closeted himself with the Soviet foreign minister, Boris D. Pankin, and with Mr. Shara. Sources said he informed Mr. Shara that he intended to make a public announcement that the first face-to-face negotiating sessions would be held Sunday in Madrid.

The secretary of state had earlier given a similar message to Mr. Shamir, who had reluctantly agreed.

But Mr. Shara balked at the plan, officials said, and Mr. Baker announced that "the parties have not yet been able to agree on where to hold these negotiations," and that their timing was not fixed.

Israel and the Arab parties have been disputing whether bilateral negotiations should be held in Madrid, some other international location, or the Middle East.

Mr. Baker's idea was that the first meeting would be held Sunday in Madrid, and would be used to discuss future locations.

An Arab diplomat said Syria was insisting on firm assurances that the meeting on Sunday would lead to an agreement on the location of future talks outside the Middle East.

Israel has argued for holding the negotiations in the Middle East, with the site alternating between Israeli and Arab territory, as a way of generating excitement in the region and in order to win tacit Arab acknowledgment of Israel's legitimacy.

The Arabs, in contrast, have insisted on having the talks abroad, both in order to deny Israel the concession of recognition and as a way of underlining what they see as the international character of the process, which they hope will be guided by the United States and the Soviet Union and other European nations.

Even if the Israeli-Syrian talks do not take place Sunday, Israel could still meet with a Jordanian-Palestinian delegation.

Israel is also supposed to begin talks with Lebanon, though diplomats expect its delegation might join any Syrian boycott.

An Arab diplomat said Friday night that Syria was under pressure from the other Arab participants to attend the Sunday meeting rather than be blamed for the breakdown of the process.

Mr. Shamir left Madrid immediately after his own speech on Friday morning in order to arrive back in Jerusalem before the beginning of the Jewish sabbath.

Asked about his reaction to Mr. Shara's attack, Mr. Shamir answered: "I'm not surprised. It didn't make any impact on me. I will continue to work for peace."

In contrast to the almost entirely uncompromising speech of Mr. Shara, Mr. Shamir coupled his barbs at Syria and the Palestinians with some conciliatory remarks.

He said Israel had no designs on Lebanese territory and, noting that it maintained "a situation of de facto nonbelligerancy" with Jordan, added that "a peace treaty with Jordan is achievable."

Mr. Shamir said he had "listened attentively" to the Palestinian speech and observed that "the Palestinian Arab spokesman made a valiant effort at recounting the sufferings of his people."

The Palestinian spokesman, Haidar Abdel-Shafi, directed an emotional appeal at Israel and the conference sponsors.

"In all honesty, we in the Palestinian delegation came here to present you with a challenge — to lay our humanity before you and to recognize yours, to transcend the confines of the past," he said.

"We deliberately refused to limit the options before us to one, or to fall into the trap of reductive entrenchment with a rigid either-or argument."

Mr. Shafi reiterated the Palestinians' opening demands and criticized Mr. Shamir and Israel.

But he added, "We, the people of Palestine, hereby offer the Israelis an alternative path to peace and security: abandon mutual fear and mistrust, approach us as equals within a two-state solution, and let us work for the development and prosperity of our region based on mutual benefit and well-being."

MIDEAST: *Site Squabble More Than Petty Modality*

(Continued from page 1)

against a single enemy unit, thus gaining a local preponderance of force for an attack, Arab diplomats believe they do better when several Arab nations are in the same room with an Israeli delegation, as they were for three days here this week, or at least in the same city, as they would be with a series of face-to-face talks in Madrid or another "neutral" city like Cairo or Washington.

Israel would rather divide to conquer, meeting with the Syrians alternately in Israel and in Syria, the Lebanese alternately in Israel and in Lebanon and so on, to avoid the tendency of the most extreme Arab elements to set the basic tone and force their more malleable brethren to toe their line.

But the problem poses a public relations problem for both Israel and Syria, the most truculent of the Arab participants: It makes them look petty in the eyes of the world.

The problem is particularly difficult for the Israelis, who are more dependent than the Syrians upon the goodwill of the major Western nations and, therefore, much more worried about their image.

Still, Syria, probably the most reluctant of the participants in this whole effort, will come under some pressure from more moderate Arab states, especially the Palestinians, who are sufficiently eager to start talking that at least some of their delegates would readily agree to a compromise site.

So an obvious question arises: Will Israel, finding itself so close to achieving genuine face-to-face talks with its foes, which it has sought for so long, actually jeopardize the peace process by holding out for the site that it prefers?

Asked that question at a news conference Friday afternoon, Benjamin Netanyahu, an Israeli deputy foreign minister who has acted as his nation's spokesman here, could only parry it by telling the questioner to ask the Syrians the same thing.

Clearly reluctant to try to impose a solution to the impasse because it would almost certainly alienate one side or the other, Mr. Baker tried an indirect approach. He sought to increase the discomfort of all of the disputants by reminding them that much of the world was watching them and that they risked looking foolish.

"From the perspective of most of the rest of the world," he said in his steely concluding speech, "it would be very difficult to understand how a party could now refuse to attend bilateral negotiations simply because of a disagreement over the site."

At a subsequent news conference, Mr. Baker said, as he always does, that he was not going to negotiate in public, that he would try to sort out the site problem in private talks later. He made a great show of refusing to characterize any of the individual speeches or indeed the speeches as a group.

But he was not above giving the Arabs and the Israelis a lecture about responsibility and initiative, warning them plainly that they would pay a heavy price in the coin of international respect if they made it impossible to reach an agreement this time.

"Each of you needs to get off the mark and get off it quickly," he said. "You must not let this start become an end. If you do not seize this historic opportunity, no one else can, no one else will, and no one will blame anyone outside your region."

President George Bush and Mr. Baker can exert what the secretary called "quiet, behind-the-scenes influence and persuasion." They can privately propose formulas or pieces of formulas, though that is riskier because it can undermine the honest broker's role they seek for themselves. They can promise financial aid for good behavior and threaten isolation for bad behavior.

But public diplomacy has its uses, as presidents from Franklin D. Roosevelt to Ronald Reagan have known full well; one of them is mobilizing opinion as a sanction on stubborn negotiators. Global television makes it faster and easier, and the Americans may find that they have no better weapon as they struggle in the weeks ahead to untangle this intractable problem.

Herald Tribune
INTERNATIONAL
Published With The New York Times and The Washington Post

OPINION

Beyond the Belligency

Of course the old belligerents, newly gathered in Madrid, have been restating familiar grievances. More hopeful and far more interesting were the doors left open for serious diplomacy by Israeli and Palestinian leaders. Both sides spoke with a dignity and seriousness befitting a tragic conflict, qualities grievously absent in the truculent posturing of the Syrian foreign minister, Farouk Shara.

Without reciprocal concessions there can be no enduring peace between Israel and its Arab neighbors. This imperative message was articulated by George Bush and Mikhail Gorbachev, Madrid's co-sponsors. Yet Syria offered nothing more than a boilerplate assault on Zionism and a demand for the return of "every inch" of Arab land occupied by Israel since 1967 — thus staking a position in which any compromise might seem a sellout to unprepared Syrians.

Prime Minister Yitzhak Shamir, especially by contrast, sounded like a statesman. He pleaded the need for dialogue and accommodation, and spoke of Israel's yearning for peace. He said nothing about territorial compromises, which he and his party oppose, but called for the achievable: an agreement on interim self-government arrangements with Palestinians in the occupied territories.

The telltale word is "interim," meaning that the final status of these lands would be determined in the future. This was the formula agreed on at Camp David in 1978 but never realized. Recall that Mr. Shamir, then speaker of the Israparliament, joined with other hard-linerejecting the Camp David accord thaught peace with Egypt in return Israel giving up the Sinai.

If Mr. Shamirlhanged his stance, so have the Palestii iaaidar Abdel-Shafi, who leads their delen at Madrid, mostly avoided the ughés of 40 years of bitterness. Withourimination he described the tormenoccupation and the anguish of the pow.

Tellingly, he espi "solemn appreciation" to Israelis vame to the aid of Palestinians whose s were being punitively demolishe l.

"We have mdrcogether," he said, "often choking togin non-discriminatory tear gas, alı crout in pain as the clubs descendeb oh Palestinian and Israeli alike. . . .»We formed a human chain around Jerusjoining hands and calling for peaceı Loday form a moral chain around Maand continue that noble effort foı ɾand the promise of freedom."

Healing word : lese mean far more than Syria's effusiothe failure of some Arabs and Israelis ke hands in novel, and awkward, mıtances. Pessimists could find plenty oh language to dwell on from the transfperformances. But the spirit of Mr AShafi's appeal augurs more hopefur the direct talks expected soon to fı

— THE' YORK TIMES.

In a Desert of Familiar Rhetoric, Some Fragile Green

By Jim Hoagland

MADRID — By Oscar Wilde's definition, Yitzhak Shamir and Farouk Shara are gentlemen: They never insult someone unless they intend to. And they know that the most cutting insults use truth as a weapon.

The Israeli prime minister did not exaggerate in describing Hafez Assad's Syria as one of the world's most repressive states. In response, the Syrian foreign minister dredged up Mr. Shamir's well known past as an Israeli underground gunman and spitballed it at the Israelis. Such is the way of peacemakers in the media age.

Secretary of State Jim Baker did not retreat into his customary agate-eyed poker face when the verbal war erupted at his Middle East peace conference Friday. Mr. Baker showed and gave voice to annoyance and frustration over the "posturing" and "setting out of maximalist positions" that had journalists racing for the phones to file that Arab-Israeli peace was not about to break out in Madrid.

That's for sure. But Jim Baker, while seething over the last-minute hurdle the Syrians erected to opening direct bilateral talks on schedule, emphasized the progress that the completed ceremonial conference represents in itself, whatever happens in the bilateral talks. I think he was right to do so.

No one should expect Mr. Shamir or Mr. Assad to go quietly into the night of peace and harmony Mr. Baker hopes will descend on the Middle East. That Mr. Shara was here in a formal, public meeting with Mr. Shamir was the important fact. That he came to the podium armed with an ancient photo of Mr. Shamir (I assume that the Syrian foreign minister does not carry Mr. Shamir's photo around at all times) is secondary to the sweep of the forces that are driving these bitter foes toward a new modus vivendi.

Mr. Shamir and Mr. Assad are leaders who owe their positions in part to Arab-Israeli hostility. Peace would require each to make changes that each would prefer to avoid. Peace might well make each irrelevant in a future in which hope and trust is at least as important as fear and violence.

It is not surprising then that each felt more comfortable stepping back into the desert of harsh rhetoric. An Israeli official I ran into as Mr. Shara completed his first fire-breathing speech on Thursday did not bother to hide his feeling of reassurance that the Syrian once again had played the heavy. Here was the Arab that Mr. Shamir's Likud Party has come to know, hate and rely on.

But more striking were the few fragile green plants that sprouted in the midst of the well-known desert.

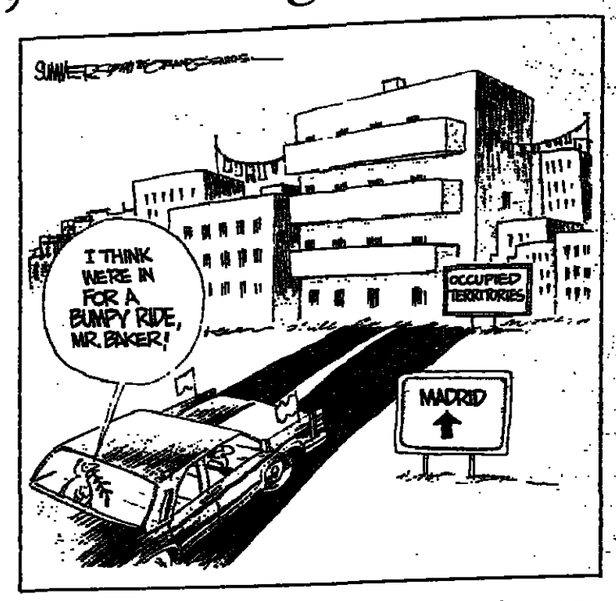
Conventional wisdom quickly became that the few words of hope that were spoken were intended only for American consumption, to placate and influence Mr. Baker, George Bush and the television audience. Both Arabs and Israelis were here only because the Americans had forced them to come, it was said and written.

That is right, as far as it goes. But I think it underestimates the effect that words have, even on those who speak them with a totally different effect in mind. The speaker does not own the words he utters, or control their effect. Ask Mikhail Gorbachev. Or Saddam Hussein.

I had come expecting a lucid, rigorous and challenging opening speech from Mr. Shamir, and he delivered. He gave little away. But he avoided the most inflammatory rhetoric on Thursday, before Friday's ill-conceived rebuttal period. And there was a poignancy, calculated or not, in his description of the creation of Israel and its struggle for existence and for Arab recognition ever since.

I was not prepared for the eloquence or vision of the Palestinian speaker, Haidar Abdel-Shafi, who spoke directly to the Israeli people of "the toll that occupation has exacted from you and yours . . . We have seen you look back in deepest sorrow at the tragedy of your past and look on in horror at the disfigurement of victim turned oppressor."

Israelis are right to point out that Mr. Shafi spoke poetry instead of the clear practical prose that is needed if peace is to come. They are right that Mr. Shafi and Hanan Ashrawi were deliberately chosen to show a new human face of a Palestinian political movement that has used terror and violence to establish itself and only a few months ago gave its heart and



soul to Mr. Saddam's criminal enterprise of aggression.

But this new face of Palestinian nationalism was formed in the West Bank and Gaza by 24 years of Arab direct contact with and knowledge of Israeli society. This conference gave the West Bank and Gaza Palestinians a new measure of freedom from the dead-end, payback politics of the past.

It is too early to know if the Palestinians will use that freedom constructively, or if the Israeli government will respond. But the few words of hope each side spoke will now tell their own tale, free of their authors' control.

That alone made this conference measure up to the overused word "historic." That alone justifies American pride that Jim Baker's conference happened at all.

The Washington Post.

Greed, Influence and BCCI

When the White House learned that Edward Rogers Jr. had been hired by Sheikh Kamal Adham, it was an unwelcome reminder of all the dangerous questions raised by the BCCI affair. BCCI — the Bank of Credit and Commerce International — is the fraud-riddled bank that was shut down last summer by regulators in the United States, Britain and several other countries.

Sheikh Kamal was involved in BCCI's illegal takeover of First American Bankshares here a decade ago-the bank that Clark Clifford subsequently headed. Until last August Mr. Rogers worked at the White House, where he was an assistant to the president's chief of staff, John Sununu. Although Mr. Rogers had never previously practiced law, Sheikh Kamal retained him for two years at a fee of $600,000.

Mr. Rogers has now dropped out of the case, to spare both his client and President George Bush embarrassment. No doubt the White House devoutly hopes that this incident will pass quickly. But it ought not. It is a particularly egregious example of exploitation of a high-powered public office, but that's the least of it. Sheikh Kamal's part in this deal deserves close attention.

BCCI and the people around it have repeatedly attempted to buy access to major political figures. The sheikh's approach to Mr. Rogers was an example. BCCI and the people running it gave millions of dollars to causes cosı former American president, Jimmy C and a former British prime ministeır, s Callaghan. It similarly used donazioı retainers and fees to buy connections many other politicians in many cour Here in the United States, all of the cutions revealed so far were used to gainimity to people no longer in office. Ittirely possible that the bank chose so . its money only on Americans who ove of power. But it is also possible thare is more to be learned about shinge bank and its operations herean ington.

The inquiries ire BCCI affair are still in an early steveral grand juries are at work arıun country. But the Justice Departm enoving conspicuously slowly. For she five years federal agents have beda ng up evidence that BCCI was laune erug money. There's been only one proon, and it was followed up only Ɓla — which is odd in an administration has devoted much energy to its campgainst drugs. It has been noted in tae that Robert Morgenthau, the New district attorney, is well along in hisnvestigation and that, unlike the Justice ɔtment, his office is moving fast.

Fortunately, ti one prosecutor in this case who not work for the Justice Departn en

— THE FINGTON POST.

Tentative Hints of a Road to Interim Accommodation

By Anthony Lewis

BOSTON — The first sessions of the Middle East talks in Madrid have raised an unexpected and intriguing possibility. Progress may be most likely where it was least expected: between Israel and the Palestinians.

That has to be said with all the caution required in any expression of hope for the Middle East. The emotions separating the parties were all too clear in their statements. But there was also, in the Israeli-Palestinian context, a certain encouraging realism.

The Palestinians faced a difficult situation, politically and psychologically. The PLO's disastrous mistake in backing Saddam Hussein in the Gulf war weakened their cause. Israel laid down conditions on the makeup of the delegation that Palestinians bitterly resented. Palestinian extremists, objecting to the whole idea of peace talks, murdered Jewish settlers in the West Bank as the conference began.

Despite those burdens, the Palestinians on the joint delegation with Jordan made a constructive impression. Haidar Abdel-Shafi, the chief Palestinian delegate, said his people and the Israelis had had "a prolonged exchange of pain. Let us share hope instead. We are willing to live side by side on the land . . . Let's look forward to magnanimity."

Most significantly, Mr. Abdel-Shafi said Palestinians would agree to postpone their claim to a state of their own. "We are willing," he said, "to accept the proposal for a transitional state, provided interim arrangements are not transformed into permanent status."

In that statement, the Palestinians essentially accepted the idea put forward in the Camp David agreement in 1978 and rejected by them at the time. The idea was for an interim or transitional arrangement for the occupied West Bank and Gaza, with "autonomy" for the Palestinians and negotiations to follow on the territories' permanent status.

The emotions separating the parties were all too clear in their statements. But there was also, in the Israeli-Palestinian context, a certain encouraging realism.

Before Madrid, The New Republic, a magazine very supportive of Israel, said: "The Palestinians will have to decide if they are prepared for realism, if they prefer the gradual improvement of their condition to the immediate gratifications of maximalist speech . . ." The Palestinians in Madrid seem to have met those tests.

Negotiations on the basis of Camp David are acceptable to the ruling Likud-led coalition in Israel. That was indicated in an article in The New York Times by Ze'ev B. Begin *[IHT, Oct. 30]*, a Knesset member and son of the Israeli prime minister who negotiated the Camp David agreement, Menachem Begin.

Israel would negotiate, Mr. Begin said, for "an administrative council to be elected by the Arab inhabitants of Judaea, Samaria and Gaza. Israel will propose an extensive detailed series of powers and responsibilities . . . far beyond mere 'garbage collection.'"

Mr. Begin's reference to "the Arab inhabitants of Judaea, Samaria and Gaza," his unwillingness to use the word "Palestinians," showed how large a gap exists in perception and empathy.

But the fact is that both sides seem ready, for the first time, to negotiate in the Camp David framework.

Israel's chief delegate in Madrid, Prime Minister Yitzhak Shamir, made no rhetorical gesture toward the Palestinians. But his actions were realistically consistent with a desire to negotiate.

He did not seize various possible occasions to walk out. He said that Israel was there to negotiate to the end.

In the runup to Madrid some observers, I among them, thought there might be a greater possibility for progress between Israel and Syria. Mr. Shamir and his party, after all, have no historic attachment to the Golan Heights, no biblical connection.

But Mr. Shamir, and most Israelis, are profoundly skeptical of the intentions of President Hafez Assad of Syria. Moreover, the present situation on the Golan Heights is not really intolerable for either side. Syria wants the territory back, but it is not an urgent need.

For the Palestinians the continuing occupation and building of Israeli settlements are urgent, and intolerable. Many Israelis, for their part, want to be free of the burden of controlling another people in their midst.

Possibly, just possibly, these first public meetings between two peoples so long embattled could start them on a road to interim accommodation.

The New York Times.

The Next Scrol

The Dead Sea Scrolls, most of them under academic wraps for decades, have been freed from tight scholarly clutches and are now now in the public domain. But it should not have taken more than 40 years of mounting indignation, scholarly resolutions on open access and repeated allusions to the academic scandal of the 20th century for assorted librarians, scholars and government officials to have freed them.

When the next precious and historically significant archaeological fragments are found, things should proceed differently. About this, almost everyone agrees. People are now discussing just how to avoid the secrecy, publication delays, professional acrimony, political entanglements and accusations of intellectual piracy that accompanied the celebrated case of the Dead Sea Scrolls.

This scrolls case was by no means unique. It's common academic practice to have a few assigned scholars controlling the transcription, translation and publication of ancient texts while other interested parties wait for years in the wings.

These mini-cartels throughout academia aren't going to be tolerated much longer. It's time, as one scholar put it, for a "bill of rights" for ancient scripts. The Ancient Biblical Manuscripter and others have in mind guidelines ning the excavation, transcription anl ption of texts.

Standards and ices for handling manuscripts would awn up by learned societies and thenced by the museums, foundations other institutions that finance thei wOther scholars, including Hershel Sh of the Biblical Archaeology Revi w ashington, a longtime critic of the ling of the scrolls, suggest the creation independent authority to ensure t publication of important historical cents.

The direction of iscussion is expected to become cl ais month at a joint meeting of the Soıor Biblical Literature and Americhools of Oriental Research, two of thest associations for biblical studies. Man the professoriate and rare manu librarians should participate in the e.

These cultural ɔts should not be regarded as exclusroperty. Just how they are treated on information about them is dissemiriata public matter.

— THE WINGTON POST.

Other Comment

Cancer: Get the X-Ray Right

Most women who get a mammogram, a quick and painless X-ray, are reassured that they do not have breast cancer. But sometimes their mammograms are wrong. No mammogram can detect breast cancer with 100 percent accuracy (which is why the procedure is not a substitute for monthly self-examination). But mammograms are still the most advanced diagnostic tool now available. To reduce the risk of incorrect mammograms, nine states have minimum quality assurance standards; however, enforcement varies considerably from state to state. Since 1989, Congress has required mammography screening facilities that seek Medicare reimbursement to meet quality standards. The American College of Radiology also has a 4-year-old voluntary accreditation program for mammography facilities.

But this patchwork of state, federal and voluntary regulations does not ensure that the mammogram man gets in most states is safe or accu The federal Breast Cancer Screening Act would require all mammography ies to meet quality standards for equipment and personnel. The bill would also date inspection of facilities every yea recertification every two years.

The American Cs of Radiology and Obstetrics and Gynecology, the American Cancer Society (most 300 breast cancer organizations ort national standards and enforcement. Early detection can save the lives of 30ent of women with breast cancer. A fa machine or poorly trained technician d not be the difference between life and death.

Los Angeles Times.

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Iraq's Nuclear Sources: List All the Names, Now

By A.M. Rosenthal

NEW YORK — Once more we have been clearly warned, and once more we have a choice.

We can accept the plain warning of mass murder to come and act to prevent it. Or we can say again that no man could be that evil, no nation could follow his madness, he is bluffing — and do nothing.

The first choice will mean that the major nations of the world will lose a profitable business — the death trade.

The other choice will mean that peace will not come for generations to one of the most important areas of the world, perhaps never. Quite likely hundreds of thousands will die as the result of our decision.

On April 6, 1990, those were the opening paragraphs of this column. Now they must be written again.

Until the eve of the Kuwait invasion, the West ignored the threats of extermination of his enemies screamed out by Saddam Hussein, as it had Hitler's for so long. Western companies and governments went on strengthening Saddam Hussein with credits, arms and the material and technology of chemical and nuclear missiles.

Hundreds of thousands may indeed have died — this time mostly his own countrymen. Only two things kept Saddam off schedule for nuclear delivery: the 1981 Israeli attack on his reactor and, a decade later, the decision by George Bush to stop him.

After the war, UN inspectors found that Iraq was not 5 to 10 years from nuclear weapons, as many specialists had told us, but a year or so. Before and even during the war, the West never knew the network of nuclear plants existed.

Now come the new warnings, loud, this time from Iran. A deputy president said last week that all Muslim countries must have nuclear weapons and that exactly what was done to Iraq's nuclear capacity must be done to Israel's. Three years ago Iran's president had already issued instructions to develop "offensive and defensive chemical, biological and radiological weapons."

Listen to these men, as we should have listened to Saddam. These are not words but plans underway. The Washington Post prints a report, later confirmed, that U.S. intelligence believes Iran is aggressively trying to develop nuclear weapons and is getting help from China.

William Triplett 2d, a senior staff member of the Senate Foreign Relations Committee, whose work against proliferation deserves a medal, writes that the Chinese contributed to Iraq's nuclear strength and are now building a nuclear plant for Algeria.

And what specialists dread most is rarely mentioned publicly: a nuclear bomb-building alliance among some Muslim nations aided by China and North Korea. There is suspicion that Saddam Hussein helped Algeria — to scatter his nuclear potential as he scattered his planes.

An alliance between Iraq and Iran to build joint nuclear power against Israel is feasible and logical. Iraq has lots of nuclear experts now, but too many UN inspectors. Iran has some capacity. Chinese aid — and no inspectors.

Now comes the point where it is difficult to avoid screaming. The United States has the tools to fight the death trade but will not use them.

The way to fight is to publish the

By ARCADIO in La Nacion (San Jose, Costa Rica). C&W Syndicate

450 or more names on the UN list of companies that supplied material and technologies to Iraq. Then, use presidential power to expose all companies or countries continuing in the death trade — and ban them from U.S. export and import markets.

President Bush will not do it — and last year vetoed legislation to mandate such action. "Leaders" of the Democratic Party collapsed. Some senators seem determined to keep fighting — among them John Glenn, Malcolm Wallop, Jesse Helms and Claiborne Pell.

But on Thursday the House passed a bill from a subcommittee headed by Sam Gejdenson, Democrat of Connecticut, supposed to extend controls on export of relevant military technologies. The small, intellectually alert Center for Security Policy of Washington (another medal due) says the bill actually guts those controls.

The subcommittee is heavily lobbied by the high-technology industries. Toby Roth, a Wisconsin Republican on the subcommittee, said candidly that "increasing exports and creating jobs are really the goal of the legislation."

And so on and so on. Once more America is making a choice.

The New York Times.

Could Pearl Harbor Day Pass a Free Market Test?

By Richard Reeves

NEW YORK — Remember Pearl Harbor! The American battle cry of World War II has become a question in the 1990s: Remember Pearl Harbor? And the correct answer is: Not me.

"A day that will live in infamy!" said Franklin D. Roosevelt of Dec. 7, 1941. Now many would prefer the 50th anniversary of the attack to be a day that lives in anonymity.

There is trouble right here in Media City about the anniversary. Publishers and television executives have got a problem that they can only whisper about: The Japanese did that.

It was the Japanese, our friends and co-owners, whose planes came roaring out of the sunrise that Sunday morning. It was a perfect surprise attack. There was no war, the United States was totally unprepared, and Japanese negotiators were in Washington going through the diplomatic motions of finding a formula to maintain peace in the Pacific.

It is one of the most important events in American history, the end of American innocence, the end of the idea that no hostile force could reach any part of the United States. It was, for us Americans, the beginning of World War II.

Now it is an important embarrassment in Washington, New York and Los Angeles, the megaphones of America. Television projects are having difficulties getting commercials, because so many United States companies have Japanese owners or investors or customers. Why take the chance of upsetting them?

On the print side, Japanese and Japanese-dependent advertisers have been discreetly inquiring about the editorial plans of various publications' issues nearest Dec. 7. If there is going to be Pearl Harbor coverage, please cancel our advertising for that issue.

"Obviously it's easier to just forget about the whole thing," said one publisher, who is doing just that. It's a terrible year for advertising already, so who needs this kind of trouble?

I realized what was happening the other day when I was consulted about a Pearl Harbor film already in production. I asked, innocently, about who were the Japanese consultants for their half of the story. There were none, I was told after some hesitation. I began to get the idea that someone was trying to do a piece without villains or villainy. In fact, I had the distinct impression that the idea was to suggest that the invaders came from Mars, rather than from Japan's Imperial Navy.

Perhaps all this is as it should be. Both the United States and Japan are determined and assertive societies and, all things considered, we are working relatively well together these days. Besides that, we have to remember that we are also heading for the 50th anniversary, in the summer of 1995, of the two days on which the U.S. Air Force dropped atomic bombs on the cities of Hiroshima and Nagasaki.

Why should history and other unpleasantness disturb commercial relationships? In these times, it is only appropriate that history, too, should meet the tests of free markets. If history is not good for business, then we should forget about it — until it is time to repeat it. Forget Pearl Harbor!

Universal Press Syndicate.

Jewish Immigration: The Moral Issue

By Enrico Jacchia

ROME — More than a million Soviet Jews are expected to emigrate to Israel in the next year or two. Two million more would prefer to stay.

While such a massive immigration poses an immense problem for the Israeli authorities, it also worries many Western governments.

They are concerned by adverse consequences on Arab opinion and the chances of a peaceful settlement of the Arab-Israeli conflict.

Public opinion in the West is divided between those who think that the protagonists of this new exodus should not be encouraged to reach Israel, even less to settle in occupied territory, and those who think that a people that suffered the Holocaust should be spared a new wave of pogroms and by all means helped to leave.

But the Soviet government should be held responsible for what happens to the Soviet Jews who have decided to stay. The West should not accept that Moscow's authorities do not defend citizens against the threat of death or persecution.

The leaders of perestroika claim that they want to share with the West a common ground of tolerance and democratic ideals. They should prove it.

Is seems that Westerners find it almost natural that the Soviet Jews go to Israel. Why? Because they are Jews.

Among Jews in Moscow and St. Petersburg there is fear, particularly in St. Petersburg, Pamyat, a Nazi-type organization now proliferating in Russia, becomes more aggressive every day.

Far from being disloyal or uninterested in their country, many Soviet Jews have joined the new democratic movements and are involved in politics. There are many in the parliament of Russia and on the Moscow city council.

If we admit that a Soviet Jew who is an officer in the army, or a member of the Academy of Sciences, or a diplomat, or simply a common citizen is left without protection by his government, and if we find it normal that his only means of escape from threats is to go to Israel, we accept a very dangerous principle.

The civilized world must force Moscow to protect its Jewish citizens; it should not encourage their emigration. It is not true that these people do not consider themselves to be Russians, or Ukrainians. There is no reason to believe that a Russian Jew does not love his country.

Persecution of Jewish citizens is a sad phenomenon that is destined to grow if the federal and the republican authorities do not use all available means to stop it now. They must not be absolved from facing up to it.

The West should force them to act, not out of fear of a growing instability in the Middle East but because a fundamental moral principle is at stake.

International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Relief for Volga

ST. PETERSBURG — The Government has assigned a sum of 32,000,000 roubles, in addition to the 32,000,000 already set apart for the relief of the districts affected by the failure of the crops. A special committee has been constituted at Riga to provide relief for the German settlers in the Volga districts, who have been plunged into the deepest misery by the failure of the crops. The German colonists in the distressed districts number over three hundred thousand souls.

1916: Awakening Wilson

PARIS — *The Herald says in an editorial:* Having learned that several more Americans have been assassinated by German pirates, President Wilson has telegraphed to Mr. Lansing for information. He is certainly waking up. A few months ago instead of telegraphing he would have written. As soon as the information arrives from London and Berlin, the President will decide what steps to take. It is not difficult to forecast his probable course. Recently the playbill of a cinematograph theatre announced in huge letters "The American Government in Action." crowds flocked to the theatre, and saw — merely some views of President Wilson sitting at his desk writing a Note. That was the Government in action and that is the kind of action the President my be expected to take.

1941: Arms to Russia

WASHINGTON — [From our New York edition:] It was learned today [Nov. 1] that the United States has taken a significant step to speed up its aid to nations fighting against Germany by preparing for a regular shipping service between American ports and the Persian Gulf, which is the safest route for supplies intended to help the Russian armies. However, lack of port facilities in Iran will hamper increased American efforts to send military equipment.

In Republican Midwest, Recession Fuels Deep Uneasiness and a Distrust of Bush

By Roger Cohen
New York Times Service

DOWS, Iowa — Across the American Midwest, traditional home of industry and optimism, a mood of hesitancy, mistrust and disorientation seems to have taken hold.

Nebraska still welcomes travelers with a big billboard saying, "The Good Life," but interviews with dozens of people in four states suggest a profound uneasiness about the nation's leadership and its economy. Purchases of everything from cars to combines are being postponed.

Take the Muhlenbruchs, whose life amid the wheat and soybean fields of central Iowa continues to offer certain virtues.

While farming is not always profitable, the land teaches hard work, husbandry and what Gayle Muhlenbruch calls, "the plain fact that people have got to be able to help themselves."

Steadily applying such values, and shunning vacations for 20 years, Mrs. Muhlenbruch and her husband, Darwyne, prospered. They gradually expanded their farm to 700 acres (285 hectares) from 160 and sent their two children to college.

Now, however, an uneasiness has crept into their lives.

"Things are sort of floating right now, just floating," said Mr. Muhlenbruch, 52. "You feel real uncertain. If the economy was better, I would buy a new tractor. But that can cost $80,000. So I'm waiting."

He is not alone in holding off big purchases. It is not merely that nobody believes Vice President Dan Quayle's statement that "the country is out of the recession" or that many see a "double-dip" downturn coming after the blip of confidence over the success in the Gulf war.

It is that few believe that the Bush administration has the means to revive the economy. As a result, support for President George Bush seems muted, and most people in a region that historically votes Republican said they had not decided how they would vote next year.

What depresses many people in the Midwest is a sense that things cannot get better in the foreseeable future. In response, many urge increased taxes on the rich, a cut in the bureaucracy, limits on terms for members of Congress and an end to what they see as pervasive pork-barrel politics.

But even those suggesting such measures seem to have little conviction that a real improvement will result.

They may not understand the precise nature of the federal deficit, but they sense that fiscal relief is probably impossible or counterproductive.

Where consumers during past recessions looked to the president to cut taxes as a firm signal of determination to lift the economy, now they have little faith in his ability to act.

"If people thought that there was a program that could correct the situation, that in itself would improve confidence," said Richard T. Curtin, director of consumer surveys at the University of Michigan. "That is a missing element of optimism which helped end past recessions."

In Washington, "they've dug a pretty deep hole for themselves," said John Mandal, the deputy sheriff of Wright County, Iowa. "And that makes me pessimistic. The government's no different from my family or a business. You can't keep operating in the red."

Jerry Maier, an Iowa farmer with 650 acres that are scarcely profitable, added, "We've had to tighten our belts on everything and become efficient, but the government has just spent way beyond its means"

The U.S. deficit, $285 billion this fiscal year and headed for a record $345 billion next year, seems to loom large over the Midwest as the symbol of a carelessness that appears beyond rectification. But the deficit is only one of several factors adding to a sense of uneasiness.

Falling or stagnant property values have undermined people's sense of their wealth. Nervousness and pessimism, meanwhile, seem to have been compounded by a conviction born of the savings-and-loans debacle and the recent congressional check-bouncing scandal that nobody in Washington is to be trusted.

President Bush's predilection for foreign policy forays also seems to have fostered an image of Washington extravagance as well as a sense that he is oblivious to the country's economic problems and has forgotten that, as Dennis Ott, a laborer in Warren, Wisconsin, said, "you should take care of your own first."

Pentagon to Draw From Its Budget To Aid the Soviets

By Eric Schmitt
New York Times Service

WASHINGTON — In a novel effort to accommodate a changing world, the Pentagon is nearing agreement with Congress to transfer up to $1 billion from its budget to give the Soviet Union food and medical aid and help convert Soviet military industries into civilian projects, senior Bush administration and congressional officials said.

The plan, which has the support of the White House and congressional leaders, would be incorporated in the $291 billion for the Pentagon 1992 budget nearing final approval in Congress.

Seeking to justify the use of tax money that might otherwise be diverted to U.S. domestic needs, the plan's architects, including the Democratic chairmen of the Senate and House Armed Services Committees, contend that the investment would increase U.S. security by helping prevent further instability in the Soviet Union.

"We're talking about the potential for chaos in a country with 30,000 nuclear weapons," said Representative Les Aspin of Wisconsin, the chairman of the House Armed Services Committee. "It's clearly in our interest not to allow food and medicine shortages to trigger some kind of unrest."

Deputy Defense Secretary Donald J. Atwood and a delegation of U.S. business leaders are now in the Soviet Union examining the prospects for converting Soviet military industries to the manufacture of badly needed consumer goods.

It is unclear how the gesture of tapping the Pentagon budget for Soviet aid might influence the debate over whether to make deep cuts in U.S. military spending because of the collapse of communism and the diminished Soviet military threat.

It could cut both ways, giving impetus to those who advocate further reductions while at the same time venting some of the pressure to use Pentagon spending for other purposes.

Pentagon aid to the Soviet Union would be separate from and in addition to other public and private U.S. assistance now under consideration, including increased agricultural loan guarantees and direct food aid this winter.

When the idea was first suggested by Mr. Aspin in August after the unsuccessful hard-line coup in Moscow, Defense Secretary Dick Cheney dismissed it as "foolish" and "a serious mistake" that could damage U.S. security.

Under gentle prodding from the White House, though, Mr. Cheney is now ready to relent on the condition that the Pentagon has authority to make the necessary budget cuts and to decide how the money will be spent on the Soviets, administration officials said.

"We think this is doable," said a Defense Department official who is familiar with the plan.

The Soviet aid package is the brainchild of the two influential leaders of the Armed Services Committees, Mr. Aspin and Senator Sam Nunn of Georgia.

For the last several weeks, the two men have worked with their staffs and quietly with key administration officials to draft a proposal acceptable to Congress and the Pentagon.

The legislators are putting the finishing touches on the plan, which is included in the military budget bill that House and Senate negotiators are expected to complete this week.

Lawmakers have suggested that the Pentagon consider several steps to assist the Soviet Union, including using U.S. Air Force planes to transport humanitarian aid to the Soviet people this winter and to provide other help in distributing the aid.

Legislators have also suggested offering economic incentives to private U.S. companies that do business with the Pentagon to invest in the Soviet Union, creating a panel of U.S. experts to help speed U.S. investment in converting Soviet military industries into commercial companies, and developing a U.S.-Soviet program to destroy nuclear and chemical weapons and clean up environmental pollution resulting from military activities.

Peter Kopunder/Reuters

Two Serbs crying in front of the federal parliament building in Belgrade before 2,000 people left for Croatia to visit Yugoslav soldiers captured or held in blockaded army barracks by Croatian forces.

Army Artillery Pounds Dubrovnik

Compiled by Our Staff From Dispatches

ZAGREB, Yugoslavia — The city of Dubrovnik on Friday came under heavy artillery and mortar fire from federal army units, Croatian military officials said.

The attack was directed at the Gruz and Lapad parts of Dubrovnik, just outside the medieval walls of the city, officials said.

Sarajevo television reporting from Dubrovnik said 250 projectiles were fired at the city, which has been under siege by the Serb-dominated federal military since Oct. 1.

The report said there were dead and injured and that there was "great material damage." The report of casualties could not be immediately confirmed.

The attack followed by hours a warning by the Yugoslav Army that it would take "new steps" to force Croatian fighters in Dubrovnik to surrender.

The army was withdrawing its previous offers of a peaceful settlement to its one-month blockade of the Adriatic port, made at European Community-backed talks, Lieutenant Savo Lukic said at the army's regional headquarters in Trebinje in the hills above Dubrovnik. He gave no details of what the new steps would be.

Lieutenant Lukic said Croatian militiamen in the port and the surrounding hills were using a cease-fire agreed to last Friday to rearm and regroup.

Apparently after a lull, air and ground action resumed on Friday in several parts of Croatia.

Croatian officials said the eastern stronghold of Osijek came under mortar fire late Friday morning, following sporadic shelling overnight in the eastern towns of Vukovar as well as in villages near Karlovac, southwest of Zagreb.

There were two air attacks on Croatian positions in the village of Lekenik, 35 kilometers (20 miles) southeast of Zagreb, local officials said.

Federal military authorities, meanwhile, have imposed a travel ban on all males capable of service in the military, the Belgrade daily Borba reported Friday. Under law, all able-bodied men from 18 to 60 may be drafted in case of a general mobilization. *(AP, Reuters)*

China Rebuts Rights Critics

By Nicholas D. Kristof
New York Times Service

BEIJING — The Chinese government issued a 62-page rebuttal Friday to allegations that it violates human rights, a new step in an increasingly vigorous and sophisticated campaign to debate foreign critics on human-rights questions.

The report, which contends that Chinese people have extensive legal protections, is well-bound and translated into excellent English. It is the latest product of what appears to be a new strategy of confronting foreign critics head on instead of avoiding the topic of human rights.

China traditionally denigrated "human rights" as a bourgeois concept and a tool of "hegemonists," and the term formerly was used by officials only in a dismissive way. Then last winter, China began to show a willingness to discuss rights issues with foreign countries. Several delegations have since traveled around China — including Tibet — and have had lengthy discussions of human rights with Chinese counterparts.

The report released Friday, "Human Rights in China," seems to be an outcome of the discussions as well as a primer for those who must deal with questions on the topic. It was drafted by the State Council Information Office, a new organization formed to improve China's image.

The report is surprisingly enthusiastic about the concept of human rights, calling it a "great term" and asserting that "numerous people with lofty ideals" are working to promote human rights. However, the report is mostly a glowing account of the Chinese human rights situation.

The human-rights situation in China has three characteristics, the report says. First, all Chinese enjoy human rights, and these include economic and social rights as well as political rights. Second, rights are enjoyed irrespective of race, religion or wealth. Third, laws guarantee that the rights are protected in daily life.

The report then declares that there is no censorship of Chinese newspapers, that prisoners enjoy humane conditions including access to newspapers, libraries and television, and that the country has no political prisoners.

Foreign human-rights organizations and many Chinese take issue with each of these assertions. Chinese journalists report that censorship is a way of life; former prisoners report that conditions are filthy and frequently inhumane except at a small number of model prisons, and many people are known to be in Chinese prisons for peaceful expression of dissenting opinions.

U.K. Seeks Tighter Entry Laws

Tories Aim to Reduce Number Granted Political Asylum

By William E. Schmidt
New York Times Service

LONDON — The British government, joining other Western European nations overwhelmed by a growing flood of immigration, on Friday proposed strict rules to reduce the number of refugees who would be allowed to settle in Britain.

Introducing the legislation in Parliament, Home Secretary Kenneth Baker said the rules would attempt to close loopholes in immigration law and streamline the processing of immigrants' claims in order to reduce a backlog of more than 60,000 cases.

More than 60 percent of those cases involve immigrants from Africa, mostly Angola and Zaire, and another 21 percent are from South Asia, including India, Pakistan and Sri Lanka. Only about 3 percent are from Eastern Europe, according to Home Office statistics.

Under current law, thousands of these migrants are now able to remain in Britain, some of them illegally, even though they do not qualify for asylum as refugees who have fled religious, ethnic or political persecution, the Home Office said.

The number of those seeking asylum in Britain has grown tenfold in the last three years, to an estimated 50,000 for 1991.

The move by Britain follows earlier steps by France and Germany to address recent surges in illegal migration, as a result of turmoil and dislocation in Yugoslavia, Romania and elsewhere.

On Thursday, Germany gained the approval of 26 East and West European governments, including Britain, for its own plan to tighten police controls at border crossings. German officials estimated that as many as 250,000 people would seek asylum in Germany this year, many from Eastern Europe.

France has endorsed tough labor measures to deal with a surge of more than 50,000 migrants, including many North Africans, who have come to France during the past year and sought permission to settle.

In Britain, the proposed legislation is likely to set off a heated political dispute. Members of the Labor Party, who are hoping to capture Parliament in elections next year, have already accused Mr. Baker and the governing Conservative Party of making "a squalid appeal to racism" by proposing to toughen controls on migrants.

Some Labor politicians have suggested the Conservatives are trying to use illegal immigration as a campaign issue in the coming general elections, which the government must call before next summer.

Alistair Darling, a member of Parliament and the Labor spokesman on immigration matters, said he was worried that the government was more interested in resolving asylum cases quickly, rather than coming to the proper, humanitarian decision.

Earlier this week, Labor said it was also opposed to an agreement between Britain and Vietnam that calls for the forcible return to Vietnam of tens of thousands of refugees now being held in detention camps in Hong Kong.

British officials said only a small number of those migrants qualify, under UN definition, as refugees entitled to asylum because they are fleeing persecution. The government argued that most are in fact fleeing economic hardship rather than political oppression.

In discussing the proposed legislation, Mr. Baker said, "Throughout Europe the institution of asylum is under severe strain from the numbers using it as a way around immigration controls."

Mr. Baker said the government estimated that fewer than a quarter of all refugees who seek asylum are in fact entitled to it. But as many as two of every three are granted what is called "exceptional leave to remain," usually on compassionate grounds or because their home country is in turmoil.

Under the new law, Mr. Baker said, only a "substantial minority" would be granted such leave, if they could not prove they were refugees who were victims of oppression. However, the rules would allow those denied asylum the opportunity to appeal.

The government also wants to increase the number of staff handling asylum requests, as part of an effort to reduce the time it takes to process applications to four months from two years.

Among other things, the legislation would also crack down on those who submit multiple applications for asylum or public welfare benefits, by allowing authorities to fingerprint all asylum seekers.

On the Rise in Moscow: Food Costs and Anxiety

By Francis X. Clines
New York Times Service

MOSCOW — Even before the enactment of a new plan for sharp price rises, prices of food and other necessities are booming upward along with the anxiety level in this battered capital city.

Chronic shortages of the most basic foods — sugar and eggs, and in some neighborhoods even bread — are proving extremely worrisome as Russian consumers try to adjust to the announcement by Boris N. Yeltsin that there is no alternative to a painful plunge into a market economy in which most state subsidies must be ended.

"As we say, Russians are made for suffering," Lyudmila Belosova said unhappily, summarizing the mood in a crowded Moscow store where, after days of empty shelves, an unexpected delivery of sausage stirred a brief consumer frenzy on Thursday afternoon.

"I long ago stopped smiling," said Miss Belosova, 34, a photo shop clerk. "I would like to go to a movie or the theater some time with friends, but instead we meet at night and all we can do is talk about food. I'm shamed by what is happening. I don't live — I exist."

There has been no shortage of debate, confusion and anxiety since Mr. Yeltsin, the president of the Russian Republic, called Monday for people to face up to a hard year of price rises and shrunken purchasing power. The steps, he estimated, will allow the government to get a foothold on the free market next fall.

In his speech, Mr. Yeltsin also said that the Russian Republic would end its majority-share financial support of unneeded central ministries.

Moscow shoppers say their struggle is worsening in such areas as de facto rationing of a large number of goods including gasoline, for which drivers lately face unexplained limits of 40 liters (10 gallons) per purchase after waiting in line for an hour, to butter, for which the store counter limit is 300 grams (10 ounces) per shopper.

For officially rationed items like sugar, shoppers with the necessary ration coupons have been waiting days for a minimum purchase, forming elaborate waiting lines in which each individual has his place in the order written into the palm of her or his hand, to be verified the following dawn when the line reforms.

"Our only option is to put up with this," said Andrei Banokov, a bridegroom who was shopping for meat for his wedding party.

No details of the timing or potential extent of Mr. Yeltsin's price rise program are yet known, but economists said prices could go five or even eight times higher.

SOVIET: *Yeltsin Plan Endorsed*

(Continued from page 1)

like coal, oil, precious metals, milk, bread and baby food. The price of vodka will also continue to be regulated, he said.

Russia's decision to free prices on most goods by the end of the year, which destroys one of the central features of the old command-administrative system, puts the Soviet Union's largest and most powerful republic ahead of most other former Soviet republics in the drive for economic change.

It also marks a major political gamble by Mr. Yeltsin, who has repeatedly promised his supporters that they will not suffer materially as a result of the transition to a market economy.

"Yeltsin is not the first politician to change his views when confronted with hard economic reality, and he probably won't be the last," said Egor Gaidar, the leader of a new team of economic advisers to the Russian president.

"I am happy that he understands that the political fate of this country, and also his own political fate, is now connected to a very prudent economic policy," Mr. Gaidar said.

The powers given to Mr. Yeltsin on Friday include the right to appoint administrators across the huge territory of the republic, which stretches from the Baltic Sea to the Pacific Ocean, "in consultation" with local councils.

Initially, Mr. Yeltsin had demanded exclusive rights of appointment of local officials, but the compromise language will still enable him to bypass dismiss recalcitrant provincial bureaucrats, many of them holdovers from the Communist past.

Mr. Yeltsin's economic advisers are insisting that the lifting of price controls be preceded by the introduction of stringent monetary policies in order to avoid hyperinflation, the inevitable result of a vast amount of money chasing a limited supply of goods.

But many economists say that it is doubtful that the Russian government can gain control of the money supply by the end of the year, given the huge deficit in the central budget.

Figures issued this week show a 153 billion ruble deficit in the 1991 state budget, a staggering 57 percent of overall expenditure, or around 20 percent of gross national product.

Income from foreign trade, largely oil and gold sales, has fallen to 39 percent of the planned level, while republican contributions to the central budget are running at around 60 percent of what was expected.

Continued squabbling between the center and the republics has helped to fuel skepticism about any rapid upturn in the economy, even assuming that Mr. Yeltsin pushes full speed ahead with his economic program.

ZAMBIA: *Opposition Sweeps Kaunda From Office*

(Continued from page 1)

where it was thought Mr. Kaunda might do well. In an extraordinary indication of the change in the political atmosphere in a country where the news until a month ago was heavily censored in favor of Mr. Kaunda's party, the evening television news showed pictures of what was happening on the streets as the results came out: People shouting victory and giving the hand signals of Mr. Chiluba's party.

The conciliatory tone of the television announcements and a news editorial praising the "exemplary" conduct of the elections which had "done Africa proud" indicated that Mr. Kaunda, who remained silent during the day, would concede gracefully, many Zambians said.

With no precedent for a democratic transition from one president to another, there were uncertainties about how the transfer of power would be accomplished.

After a heated campaign in which both candidates traded vituperative remarks, Mr. Chiluba was generous toward Mr. Kaunda on Friday night, saying: "I want him to feel he is one of us and that there is a place for him. Democracy has no meaning if this man is harassed."

For Zambia, the victory of Mr. Chiluba will mean a man at the helm who says he wants to introduce free-enterprise economic policies in place of the old East European socialist ideas of Mr. Kaunda.

For African politics, Mr. Kaunda's defeat in an open election would seem to usher in a new era for a continent where one-party states have been the most popular form of government and changing power at the top is usually done by military coup or war.

Julius Nyerere, the founding president of postcolonial Tanzania, retired in the mid-1980s.

Among other presidents in power after more than two decades, Mobutu Sese Seko of Zaire, Hastings Kamuzu Banda of Malawi and Félix Houphouët-Boigny of Ivory Coast have firmly resisted suggestions of democratic elections.

One Zaire Cabinet Takes Its Oath

Reuters

KINSHASA, Zaire — President Mobutu Sese Seko swore in Zaire's official government inside his heavily guarded palace on Friday while the opposition's rival cabinet met in a private villa.

Hundreds of Mobutu partisans cheered as Prime Minister Mungul Diaka and his ministers swore allegiance to the president and the one-party constitution.

Meanwhile, the dismissed prime minister, Etienne Tshisekedi, defiantly presided over a cabinet meeting of the opposition's government at his home in the Limete suburb. He said his government was the only legitimate one.

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ART

Medieval Masterpieces

German Art at Louvre

By Michael Gibson
International Herald Tribune

PARIS — While not intended to be exhaustive, three delightful exhibitions of German sculptures, drawings and prints of the late 15th and early 16th centuries at the Louvre give a strong and indeed savory sampling of the art of a vital land and age.

The world of these artists is still very much a medieval one. Barely touched by what was then happening in Italy, it is less grand but, in many ways, more intensely and immediately expressive.

This was still the age of carved polychrome altarpieces. Some of these have found their way intact into this sculpture exhibition, while others are only represented by eloquent fragments. The pièces de résistance include the larger than life penitent Mary Magdalene by Gregor Erhart — a Renaissance nude seen through medieval eyes — and Nicolas of Leyden's admirable stone bust of a man resting his chin in his hand.

The latter may surprise one by the conjunction of familiar medieval convention (the rendering of the hair and drapery, for instance), and of a new naturalism, apparent in the expressive tilt of the head and in the way the long, sensitive fingers raise shallow folds in the cheek of the pensive subject.

Veit Wagner's busts of two elderly sainted bishops could almost strike one as caricatures, but they also reveal the character of the subjects, who are manifestly a couple of astute politicians, intimately aware of the ways of the world.

One can only be struck by the way figures in many of these works stand packed together. The two saints are shown leaning against one another, while another fragment of a larger work from the workshop of Daniel Mauch manages to squeeze two popes, a cardinal, a bishop, a cannon and seven monks into a single block of wood. There they stand, in their polychrome finery, like 12 long-suffering subway passengers piously ignoring one another in the rush hour.

In this age many people still ate with their fingers out of the same pot, and the overnight guest slept between his host and hostess in the same bed. Close physical contact was not shunned, and this may explain the promiscuity found in the sculpture, though Christ and Mary are isolated out of respect.

There is a fine head of Christ, possibly also by Veit Wagner, somewhat gorily overpainted during the Baroque age, and a touching alabaster Virgin of the Annunciation (by Tilman Riemenschneider), who does not forget to mark the page of her prayer book with a fine, tapered finger as she looks up, almost fearfully, toward the now absent angel. Both she and Christ stand alone. But general humanity was woven into a single densely interlocking web, perhaps most strikingly apparent in the intricate patterns of the "Martyrdom of Saint Catherine" where everything, from the saint's long hair and her clothing, to the horses and men (and even God in his heaven), is made to fit into one continuous, tumultuous pattern.

IT was the Italian Renaissance which, by stressing the singularity of the individual, set him apart for consideration, a subject worthy of treatment in a separate work of art.

German art of the same period has more true physicality, and one can all too well imagine the smell of the bodies of the leaping, leering peasants Urs Graf drew in 1525, the man's elemental sexuality being suggestively evoked by a leather purse and sword hanging between his legs.

The Renaissance artists in Italy, on the other hand, reduced the individuality of their subjects by accentuating their physical perfection. Their paintings and sculptures tend to deal philosophically with the blossoming of individuality, but they do so by clothing it in an all-too-perfect abstract and general form.

The Germans, meanwhile, enjoy the spice of singularity that suddenly reveals itself, after the fashion of a whole grain of pepper buried in the broth.

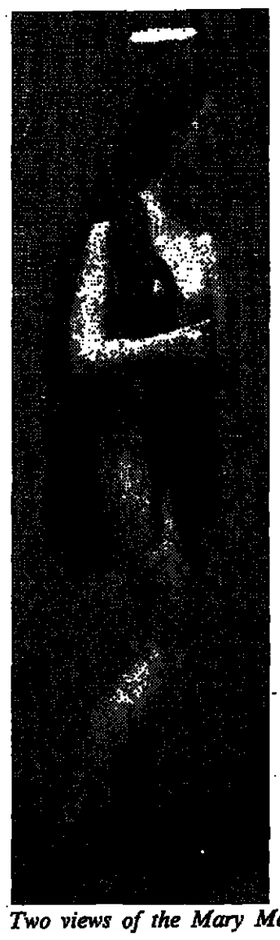
The collection of drawings is splendid and presents nearly 150 items, including more than 60 works by Dürer. Among these are his pencil portrait of Erasmus, and two of his finest watercolors, one of the citadel of Val d'Arco, the other of a mill on a river near Nuremberg. Both Albrecht Altdorfer and Hans Baldung Grien are represented by drawings depicting naked witches, flying off to their sabbath or working some spell — a reflection of the paranoid fantasy that was then developing, and that would, in the coming centuries, lead thousands to death at the stake.

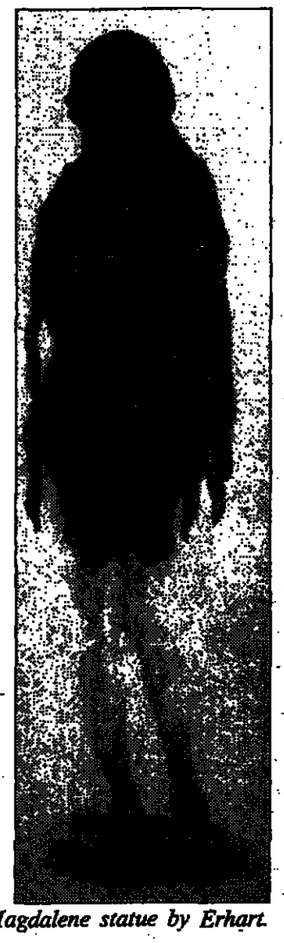
Most of the works date from a period between 1480 and 1520, but some are later in date. This is the case of Jost Amman's humorous *Saint Nicolas (1588). The saint is* not shown as the precursor of Santa Claus, but as the patron saint of gluttons — a trait which apparently left its mark on his contemporary secular counterpart, with his excessive girth and heartiness.

Hans Holbein the Younger is represented by a couple of characteristically sensitive portraits, and Mathis Grünewald by a fine drawing of a smiling old woman, and another of a grimacing grotesque.

The display of about 90 prints from the Edmond de Rothschild collection offers a handsome supplement to the other two shows, and includes a print by Dürer that served as Gregor Erhart's model for his nude and penitent Mary Magdalene. The shows run through Jan. 20.

A show of 110 engravings by the 15th-century German painter Martin Schongauer opens at the Petit Palais Nov. 14 and runs to Feb. 16. The exhibition, from the collection of Eugène Dutuit, marks the 500th anniversary of Schongauer's death.





Two views of the Mary Magdalene statue by Erhart.

Trivial Materials, Moral Themes

By David Galloway

HAMBURG — In a city better known for its barge-pole approach to contemporary art, the presence of three major shows that attempt to press beyond the avant-garde frontier is a conspicuous cause for celebration.

Indeed, the largest of these presentations is precisely that — a 50th birthday homage to Hamburg's own Hanne Darboven, who is widely acknowledged as Europe's leading conceptual artist. For those likely to doze off at the mere mention of conceptual or minimal approaches, let it be quickly added that, for all its Spartan discipline, Darboven's is an art rich in nuance and informed by a deep ethical passion.

The artist's distinctive idiom began to take shape in 1966, when she moved temporarily to New York and became acquainted with such then-young rebels as Robert Rauschenberg and Sol LeWitt.

Darboven was soon making abstract, geometric notations of her stay — a kind of encoded diary, inscribed on simple graph paper. Such found structures — order forms, questionnaires, calendars, diaries — would repeatedly offer the background for her notations. Sometimes photographed and produced in monumental series, these records were often combined with collaged elements like postcards, old photographs and magazine covers.

Sorting and ordering such trivial sources, the artist evolved her own mathematical system for recording month, day and year, as well as her own cryptic script. With minute variations, the resulting series may consist of hundreds or literally thousands of pages, individually framed and installed en bloc.

THE Hamburg birthday exhibition, consisting of works from the artist's collection, includes the 1,590 sheets of "Cultural History" and "Requiem," which totals 4,311 typewritten pages.

With such mammoth variations on a theme, Darboven has sought, Sisyphus-like, both to record and to arrest the flow of time. Simultaneously, she has evolved an idiom that strikes us as painfully intimate and coolly objective.

The seeming detachment with which she addresses even the most painful themes — the Nazi past, the death of parents, existential angst — never obscures the intensity of feeling that informs what she describes as her "constructions."

In these spare, serial-like accumulations, the minutest variations can startle the eye. Darboven has tapped inexhaustible resources in the autobiographical, the seemingly trivial, which she records with furious determination.

Paradox is the leitmotif of Darboven's work, and man's mortality is its recurrent theme. External aesthetic form is the attempt to triumph, if only briefly, over time's passage.

In Hamburg's Deichtorhallen, where nearly 7,000 separate sheets are on view, a feeling of saturation is perhaps inevitable. But it is not entirely hostile to Darboven's vision if one also senses the ultimate futility of all this compulsive ordering, systematizing, objectifying, transcribing, chronicling. The endlessness and, perhaps, the ultimate hopelessness of her self-appointed task is a further reflection of the enigmatic, questing spirit that informs this remarkable oeuvre.

In the smaller of the two halls, the American Robert Longo has turned the top-heavy architecture of the former market halls of the Deichtorhallen to his advantage. His "Homage to the Sixties," recalling the moment when hippie demonstrators tried to levitate the Pentagon, is a pentagonal shape suspended from 40-foot (12-meter) steel cables that seem to integrate the sculpture with the building.

The interplay between work and site is not always so dramatic, but the Longo show, with works created between 1981 and 1991, is one of the finest, most effective installations to be seen in Germany in many a year.

Longo first drew critical acclaim in 1981 with his "Men in the City," a series of arresting, larger-than-life portraits of men and women in off-balance or contorted positions that suggested the threat of the metropolis. His feel for balance and unbalance, which always reflected a political dimension, is carried on in his combines and sculptures. In one, the silhouette of the United States is literally stood on its head, with a wheel attached to New England, for easy transport to the site of the latest international crisis.

The most imposing of Longo's recent works are indisputably the "Black Flags." Cast in bronze, they retain the texture of the original cloth and furl or flutter or drape against poles in a way that suggests a briefly arrested motion. Like everything in this show, they exude originality, authority and an uncompromising social vision.

CRITICS have often been hard pressed to categorize Brooklyn-born Robert Longo. He has worked as a musician, produced videos, distinguished himself as a draftsman, moved on to sculpture, and will soon direct his first Hollywood film. While eyeing Los Angeles, he is currently living in Paris, where he feels he can achieve a perspective on his own work that is no longer possibffb in New York. There, he remarks, "I was too Pop for the art world and too smart for the real world." And the art gurus, he feels, foufd him too "accessible" to a larger public.

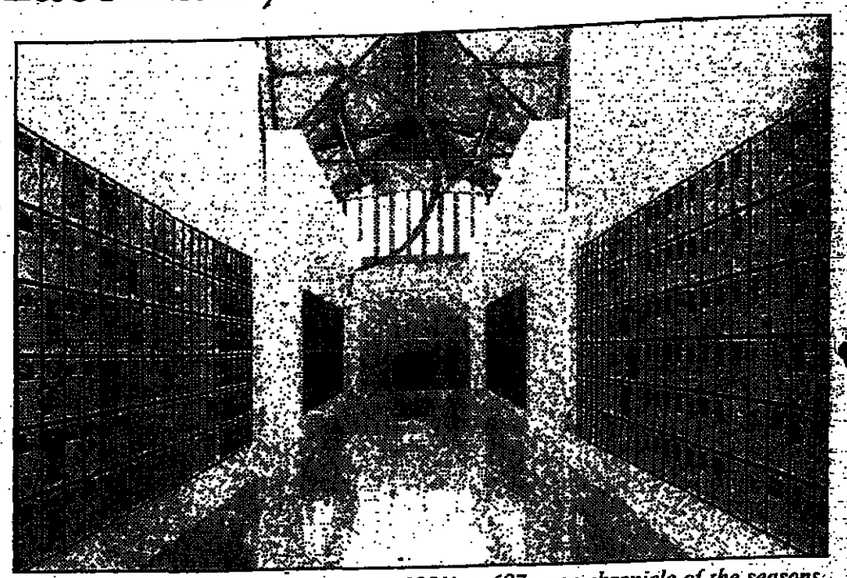
That very accessibility, measured by the use of baseball bats and footballs, flags and comic images, would seem to situate Longo worlds apart from the austere Hanne Darboven. Yet the work of both is informed by an uncompromising moral vision, by a reverence for the individual, and a painful awareness of social abuse.

However much their chosen idioms diverge, they are passionate pilgrims, and this distinguishes them from the two mere travelers now exhibiting at the Hamburg Kunsthalle. There two gifted young German sculptors, Stephan Huber and Raimund Kummer, have attempted to create dialogue and too often diverged into small-talk.

Their concept is the sort most likely to convince as a written proposal. In the museum's cupola, the artists constructed a handsome steel-and-glass installation in which the "shattered" heavens seem literally to tumble to earth and leaden stars are scattered about the floor. They have then spread their own wings into the adjoining galleries with individual works that presumably stand in provocative dialogue with the Old Master paintings displayed there.

Such contextualizing (or decontextualizing) is a familiar aesthetic strategy, and it fails to win fresh ground here. Nonetheless, Huber and Kummer are artists of considerable talent, and if their "Firmament" is not reason enough for a visit to Hamburg, it is a modest bonus for those drawn there by Darboven and Longo.

The Hanne Darboven retrospective at the Deichtorhallen runs through Nov. 24; works by Robert Longo are on view at the Deichtorhallen through Dec. 8; "Firmament" is at the Hamburg Kunsthalle through Dec. 1.



Hanne Darboven's "Vierjahreszeiten" (1981), a 697-page chronicle of the seasons.

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Eight-panel Korean screen painting, on the traditional subject of "The Ten Signs of Long Life," that fetched $660,000 at Christie's sale in New York.

Riding High on a Korean Buying Spree

International Herald Tribune

SOUREN MELIKIAN

NEW YORK — The Far East continues its upward course as India plunges, seems to be the short message of the auction world in the last two weeks.

Korea was the big success story in October. Sotheby's must have been pleasantly surprised on Oct. 22 when 18 of the 22 Korean works of art described in a slim catalogue fetched $2.82 million, leaving a tiny 4 percent failure rate in value.

As soon as the first lot came up, an electric atmosphere could be sensed in Sotheby's vast room. The 18th-century jar, decorated with a popeyed, snarling, writhing blue dragon that seems to be falling off the shoulder, shows extensive browning on its ivory ground. To Koreans, this is a plus, as patina on an excavated bronze would be to Westerners. It more than quadrupled its high estimate at $99,000.

Peanuts, however, compared with the real rarity in the sale. This was a 14th-century painting of the Buddhist figure Avalokiteshvara. It may be cropped and have suffered in the background, but it is nonetheless of paramount importance. Sotheby's expert, Suzanne Mitchell, for many years curator of Asian art at the Detroit Institute of Art, says only nine examples of the subject survive, all in Japan or the West. Her estimate, $150,000 to $200,000, took into account condition but left out two variables — the Korean passion for recovering significant works predating the devastation of their land by Japanese invaders led by Hideyoshi in the 16th century, and a recent law to take effect in February aiding art foundations through tax exemptions. Hence the totally unexpected $1.76 million made by the painting.

The Korean buying spree resumed on Oct. 24, at Christie's, when 72 of the 92 Korean works offered sold for $3.9 million. The failure rate in value was a mere 8 percent. Another blue-and-white 18th-century vase with even more cracks and browning than the one at Sotheby's soared to $385,000, six times the high estimate. A rare pattern of four plant motifs helped. So did the fact that the one closely related vase is in Japan — in the Ataka Museum, Osaka.

A blue-and-white 19th-century bottle with a snarling dragon then roared up to $176,000, more than 10 times the high estimate. And outstripping all, an eight-panel screen decorated with deer in a mountain landscape, "The Ten Signs of Long Life," made it to $660,000, more than seven times Christie's high estimate. The bright coloring — vivid emerald greens, vermilion to orange reds, and others — proved irresistible to the new Korean buyers. By contrast, a 17th-century black lacquer box with mother of pearl scrolls carrying lotus blossoms went only slightly over the high estimate. The masterpiece was picked up by a U. S. collector for $143,000 — this is the Western taste in Korean art.

Not surprisingly the other success story is Japanese. On Oct. 21-22, Sotheby's held a $2.48 million Japanese auction in which a pair of 17th-century screens with battle scenes painted on gold leaf climbed to $550,000 — courtesy of a Japanese buyer. Christie's took over on Oct. 23 with the Captain Fred Welch collection of 225 prints of the 20th century. These could easily have gone wrong. The early 20th century was a period of decadence in which the Japanese tradition was altered by Western influence. Interest in it is recent. If Christie's expert, Sebastian Izzard, had any qualms about singling them out in a separate catalogue, he must have been promptly reassured. Every one of them sold, from Yoshida's "Numazaki Pasture" of 1928 ($12,100), to the work of Paul Jacoulet, a Belgian who settled in Japan and was trained there as a printmaker. Five of his "Mandarin Princesses" prints sold at prices ranging from $3,300 to $4,400. The entire collection added up to $689,425.

What followed in a general sale that spilled over into the next day was more remarkable. This time, there were casualties, 30 percent in value, mainly because of the tendency to take in overestimated goods. But the total sold exceeded $4 million, and several prices were startling.

The problem with Indian art has to do with cultural evolution, not economics.

One was the $209,000 paid for one of the few screens known to have been painted by artists who otherwise specialized in Ukiyo-e, i.e. printmaking. The painter is Utagawa Toyoharu (1735-1814). The price was paid by a U. S. collector, who won a bidding contest with a Japanese dealer. It substantially exceeded the previous world record of $143,000 for a painting by a Ukiyo-e artist, set in 1989 at Christie's.

Most telling, perhaps, was the bitter fight over a pair of six-panel screens painted with monkeys playing on rocks and trees. They were attributed to Shukei Sesson and accompanied by a letter from a 17th-century painter, Yasunobu Kano, certifying that they are from Sesson's hand. The screens, acquired by their vendor in 1947 in old imperial Kyoto, surprisingly escaped the notice of scholars. Their publication in Christie's catalogue caused a sensation, no one questioning Izzard's attribution. They were bought, professionals said, by an American institution through a Tokyo-based German dealer who outbid a U. S. collector to the tune of $572,000.

The scores achieved by the art of Korea ($6.7 million) and Japan ($7.1 million) contrast with the poor showing of Indian art. Christie's, deterred by last fall's disaster, has given up such sales in New York. It will hardly find cause for regret in Sotheby's Oct. 28 auction, in which India, the Himalayan lands, and Southeast Asia together barely exceeded $1.9 million. Of the three areas, India came out the worst by far.

The auction started with 67 miniatures of which only 28 found buyers, mostly close to or below the low estimate. A notable exception was a leaf torn from a famous manuscript in Persian, the Book of the Parrot (Tuti-Nama), most of which is in the Cleveland Museum of Art. It was illuminated in the 1560s. Hardly any miniatures done in the Islamic areas prior to the advent of Emperor Akbar in 1569 ever come up on the market. At $45,100, the rarity was not even madly expensive.

Another exception was an equally rare Bundi miniature, as unusual for its size as for its crowded composition in that particular subject — the months of the year sung in versified form ("Baramasa"). This brought $26,400. But many interesting miniatures from various Hindu schools fell without a fight. A couple of years ago, "Krishna and Balarama Attending the Tournament Arranged by Raja Kansa," from the Basohli school, probably painted in the 1760s, would have sold. A Paris dealer, Enrico Isacco, says he is surprised it did not.

Sculpture was likewise plagued, at times because of condition, in other cases for no reason other than lack of interest. There was no bidding on an impressive black schist Jain statue of Tirthankara carved around the 12th century in southern India, nor on a very good Chola bronze of Parvati cast at the same period. One, estimated to be worth $30,000 to $40,000, went under at $17,000, the other, with a $40,000 to 60,000 tag, fell flat at $20,000.

THE one real success, entirely predictable, was achieved by a south Indian figure of the deity Sita in a superb casting, from the estate of William Paley. Underestimated because of its late period, the 16th or 17th century, it was bought for $93,500 by Steven Kossak, assistant curator of Asian art at the Metropolitan Museum, bidding through dealer Arnold Lieberman. The collector has made several donations to the museum. This piece might go the same way one day.

Greater interest was displayed the moment the sale came to Himalayan bronzes. These did quite well on the whole, as if to emphasize that the Indian failure was not chiefly caused by the recession. Among the reasons for the Indian decline are the difficulty in finding top quality pieces, the overpricing of much of the rest, and the dwindling numbers of collectors. Worst of all is the loss of interest among art-lovers, just as Indian metaphysics has lost some of its appeal to the intelligentsia.

The trouble, in short, has to do with cultural evolution, not economics, and that is something that auction houses can do little about.

The Restoration Of Modern Art

Roller Controversy in Amsterdam

By Barry James
International Herald Tribune

WHEN a man with a grudge against abstract art attacked a canvas by the late American painter Barnett Newman in Amsterdam five years ago, he left long slashes in a work entitled "Who's Afraid of Red, Yellow and Blue III?"

The assailant spent six months in jail. The painting went to a restorer in New York. Now, it is back in its place at the Stedelijk Museum in Amsterdam, where it is the focus of a heated debate among experts, many of whom disagree strongly with the way it was repaired.

According to the critics, the restorer, Daniel Goldreyer, merely covered the painting with red paint using a roller. The canvas, 2.5 by 5.5 meters (about 8 by 17 feet), is a red rectangle flanked by thin stripes of blue and yellow.

The restoration cost 800,000 guilders (nearly $400,000), and some of the critics say any amateur could have done as well with a few hours' work and a pot of paint.

At a more expert level the debate involves a perennial question in the restoration of damaged works of art — should they be returned to their original state or should the damage be left visible as a historical record?

In the case of "Who's Afraid," the director of the Stedelijk Museum, Wim Beeren, decided on a full restoration concealing the slashes. This was against the advice of his own restoration expert and several other specialists.

But Beeren explained that to have left such extensive damage visible, even faintly, would have destroyed the integrity of the painting.

Once the method of restoration was decided, the next question was to find someone to carry out the work. Beeren said he chose Goldreyer because he was known by the artist, and recommended by the artist's widow as well as by other painters. In selecting Goldreyer, Beeren said, he felt that he was doing what Newman would have wanted. The artist died in 1970 at the age of 65.

Beeren said the fee for the repair was fair given the amount of work and expertise involved, travel, and transport of the canvas to and from New York.

One Dutch expert, Ijsbrand Hummelen, a member of a commission that examined the painting after the attack, said that Goldreyer, without consulting the museum, had overlaid acrylic paint onto Newman's original oils. He said the restoration had destroyed a shimmering, silky effect that the artist had achieved by the subtle juxtaposition of magenta and sienna, turning the painting into a mere monochrome.

He also said the repair had violated the first rule of restoration in that it is not reversible and was not confined only to the damaged parts.

Goldreyer failed to return telephone calls.

The Amsterdam city council has asked for a full report on the restoration. Beeren has entrusted that task to an outside laboratory, and is reluctant to discuss the methods and techniques used until the report is completed in two or three weeks' time.

But he rejected the suggestion that Goldreyer had done no more than pass a roller with red paint over the patched-up canvas. "It was an enormous job," he said. "I am convinced that it brings back the value of the painting."

SOME critics allege that repairing the Newman canvas cost more than the four-year restoration of a damaged Rembrandt, but Beeren said this is an unfair comparison, because the repair of modern and abstract paintings — often done with unconventional materials and techniques — involves problems that restorers have not had to face before.

He said he found it intriguing that modern paintings are as controversial when they are restored as when they are painted or bought by museums.

Visitors are now kept away from "Who's Afraid" by a barrier and alarm system, and some of the critics allege that this is is because the museum wants to prevent them from examining the repairs too closely. Beeren said the barrier was erected because of a letter threatening that the painting will be attacked again.

Christo Umbrella Project Claims a Second Victim

Compiled by Our Staff From Dispatches

The bicontinental umbrella project by the artist Christo has been plagued by misfortune even after closing. A Japanese crane operator, Masaaki Nakamura, 51, was killed by electrocution when the arm of his crane touched a 65,000-volt power line as he was removing an umbrella from the site in Ibaraki, north of Tokyo, Thursday. The project, which began Oct. 9, was closed on Sunday, three days early, after high winds in California uprooted one of the massive umbrellas in the Tejon Pass, killing a 34-year-old woman.

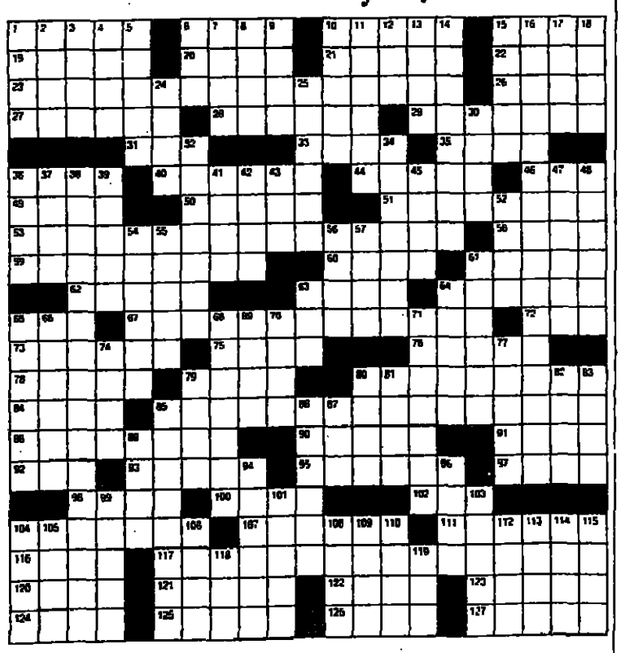
FOR SALE / SOLD

Record diamond: A Saudi businessman paid $7.15 million for an 80-carat diamond and promptly named it the "Jidda Bride." Ahmed H. Fitaihi's purchase was also the largest diamond ever bought at auction, Sotheby's auction house said. Fitaihi also paid the second-highest price at the auction when he paid $1.87 million for a 40-carat, emerald-cut diamond known as the "Ice Queen." The Jidda Bride is "too big for a ring," said John Block, head of Sotheby's jewelry division. "If you wore it to lunch, it might be a little ostentatious," he said, "but for dinner, it would be perfect."

A $42,000 Swatch: A record price of 62,000 Swiss francs ($42,000) was recorded for a Swatch fashion watch at an auction in Lucerne. The watch was one of a limited series of 120 brightly-colored "Kiki Picasso" models designed by the French artist Christian Chapiron in 1985, with his signature on the strap.

Global auction: A pair of 16th-century globes, one of the Earth and one of the heavens, sold in London £1,023,000 ($1.74 million), five times more than the previous highest auction price, Christie's said. The terrestrial and celestial globes were bought by an unidentified telephone bidder and came from an anonymous European collector whose family had owned them since the mid-19th century.

International Double Plays By M. B. Jacobson



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6 W. Hoffman play: 1985
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9 Read on the run
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11 A daughter of Picasso
12 Rock-producer Brian
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14 Mess
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16 Plaid, for one
17 Song for Marilyn Mims
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32 Tar's unit of distance
34 "— — Old Smoky"
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38 Bachelor's boast
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42 Bobbles the ball
43 Actress Scala
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56 Asian border river
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68 Denies the truth of
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70 Decorate a lib
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77 Nile dam
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80 Tizzy
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94 Horse's home
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98 Plaster of paris
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103 Works at the bar
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105 High time
106 Give over
108 Exec's reminder
109 Second caliph
110 Table staple
112 Mine access
113 Developer's interest
114 Borgia in-law
115 Not hatchet
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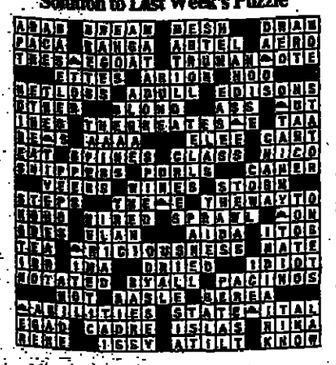
Solution to Last Week's Puzzle



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Friday's Closing

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(Continued on page 12)

NYSE Highs-Lows

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PHH Cp	PNC Fn pfE	PSI 850pf	PSI Res
PerkElmer	Pfizer s	PSEG 505pf	Raychem
RJamesF s	RaymldRey	RhnePaul pfA	RhnePln
RBScI prB	Rubermd	Schererp	SchrPl
SealdAir n	Sensormatic	SmcknB	SouJerInd
SwstBell	TelefDeEsp	Texfin 288pf	TmsMirrory
ToolsRoll	Total SA n	Trinity	USX-USS n
VoplexChy n	WellsF pfC	WPenPw pf	WeshpacBk
Whitakr n	Xerox Cp	XTRAInc	

NEW LOWS 14

ADT Ltd n	AppldMag	Bethtld n	CnPw 416pf
DravoCp	FurrsBsh pf	LehmAm n	MesaRoyl
Menorch	Munsng wt	NthNthInv	NorfSvcInd
PrimeMtrLP	Tandycrft		

AMEX Highs-Lows

NEW HIGHS 39

Abtomed	AdvMed	AlapCp	AmTr-ohp sc
AmTr-bmy prm	AmTr-ke sc	AmTr-Ini prm	AmTr-mrk prm
AmTr-mrk sc	AmTr-rex prm	Cablevsn	Cen Secur
ColumLab	Comptek	FebInd s	FlukeJohn
FruitLoom	GlbCR s	HemdeOG	HutchTl
HybriB	IntCtyPd	IntCty pr	ImtFlnSvc
KV Pharm	LowrimGe	LNtlAd	NAVacnr
PS BusPk n	ParkPer n	Poscr s	PittwayA
PolarInd	PrafLamb	PSvCol 425p	TRC Cos
Valspar	WescoFin	Xytronyx	

NEW LOWS 4

EmerElCu wt	GrevhndLine n	IntCoron wt	MLDM pwt

CURRENCY RATES

Cross Rates

Other Dollar Values

INTEREST RATES

Eurocurrency Deposits

Key Money Rates

ECONOMIC SCENE

Hot, Young Economists Focus on the Real World

By Sylvia Nasar
New York Times Service

NEW YORK — Economists make youth a prerequisite for winning one of the profession's top honors, the John Bates Clark Medal. "We tend to think that everything important is done early," said Paul Samuelson, winner of the first Clark Medal, in 1947 at the age of 32, who like five other honorees went on to garner a Nobel Memorial Prize in Economic Science.

Most economists already know who this year's Clark Medal winner is — indeed, committee members at the American Economics Association, which makes the award, have sent him congratulatory notes — although traditions preclude a formal announcement until January.

He is Paul R. Krugman of the Massachusetts Institute of Technology, an expert on international economics. The next favorite for the biennial award is Lawrence H. Summers, a Harvard professor who is currently in Washington serving as chief economist at the World Bank and who advised Michael Dukakis during his presidential candidacy.

> **'Each one thinks economics is to be used in analyzing problems and finding solutions.'**

A third overachiever is Jeffrey D. Sachs of Harvard, who decided several years ago that saving the economies of Latin America and Eastern Europe was more important than churning out scholarly articles.

All three can claim remarkable accomplishments and influence far beyond the walls of academia. All reflect the ways that economics is changing, in style as well as substance. All are part of a countervailing current that contrasts with the highly abstract, Olympian, laissez-faire brand of economics that dominated U.S. universities in the 1970s and early '80s.

They are also likely to be around for a while. The graybeard of this group, Paul Krugman, has just turned 38.

MR. KRUGMAN, an elegant theorist, has rewritten the book on global trade and finance, a field better known for received wisdom than lively innovation. He did so by inventing a theory, based on imperfections in the way markets function, that helps to explain why countries exchange similar goods, why protectionism can sometimes lead to lasting advantages and why a system positioned between completely fixed and freely floating monetary exchange rates can work.

"Paul is to international economics what IBM is to computers," said one admirer.

Then there is Mr. Summers, 36, dubbed by one Clark selection committee member "a phenomenon," the rare economist who is equally at home in the ivory tower of pure theory and the down-and-dirty world of policy. His contributions include a finding that making it too cheap and easy to trade securities can be bad for the economy.

His colleague Jeffrey Sachs, also 36, has made transformation of populist or socialist economies like Bolivia, Poland and, more recently, the Soviet Union his personal crusade. For this he has won accolades, notably the prestigious Seidman political economy prize, an annual award whose past winners include Gunnar Myrdal, Robert Solow and James Buchanan, all Nobel laureates.

Nobody makes as big a splash as these three without provoking criticism. Some economists simply think that there are other, equally gifted, economists who are getting far less attention.

Some finance experts dismiss Mr. Summers's enthusiasm for taxing stock trades, saying such a policy has few benefits and many costs. Free traders resent the fact that Mr. Krugman's arguments have lent intellectual respectability to protectionism.

Liberals often blame Mr. Sachs's economic shock therapy in countries like Poland for causing mass unemployment.

Today's young superstars have much more in common with one another than they do with the superstars of a decade ago,

See SCENE, Page 11

CBS Hurt By Glut of TV Sports

$169 Million Loss For Broadcaster

Compiled by Our Staff From Dispatches

NEW YORK — CBS Inc. said Friday that the advertising slump and a glut of sports programming on television had hurt the value of its baseball and football contracts, resulting in a $169.1 million quarterly loss.

CBS, which operates one of the three main U.S. television networks, slashed the value of its contracts to televise the two sports by $195.5 million in its earnings report for the year's third quarter.

The broadcaster, in last year's fourth quarter, had already taken a loss of $170 million on its four-year, $1.06 billion contract to broadcast major league baseball.

CBS agreed two years ago to pay more than $3.5 billion for multiyear contracts to broadcast baseball and National Football League games, college basketball and the next two Winter Olympics.

But the proliferation of sports programming and the advertising recession have made it impossible for the CBS Television network to charge as much for commercial time as had been expected, CBS officials said.

The company said that despite "huge television audiences" for the recent World Series, "advertiser demand for baseball fell substantially below our expectations," as did football, for which CBS also paid $1.06 billion over four years.

CBS announced no writedowns on its college basketball or Olympics contracts, and one executive said CBS "expects no future writeoffs on its sports contracts."

CBS said it lost $169.1 million, or $11.11 a share, in the three months ended Sept. 30, in contrast to a profit of $43.5 million, or $1.69 a share, a year earlier.

Revenue for the third quarter fell 5 percent to $625.6 million.

For the first nine months of 1991, CBS lost $95.2 million, after a $266.8 million profit a year earlier.

CBS's stock fell $2.375 to close at $155.75 a share on the New York Stock Exchange.

John Reidy, a media analyst at Smith Barney, Harris Upham & Co., said the writedowns provided "one of the more classic examples of sports rights getting out of hand."

While the writedowns eliminate one source of concern for investors, Mr. Reidy said larger issues such as when there will be a turnaround in the ad market remain unresolved.

But other Wall Street analysts said CBS's new leadership this fall in prime time, where the bulk of television advertising revenues go, should translate into strong earnings next year if the U.S. economy recovers.

Excluding the impact of the sports writedown, CBS said its TV network had better results for the quarter because of lower overhead and program production costs. CBS announced in April that it was eliminating 400 jobs as part of an effort to reduce operating costs.

Looking at prospects for the fourth quarter, Chairman Laurence A. Tisch said ad demand has "shown signs of a modest pickup." But he added, "the slow and sluggish pace of this recovery is not encouraging." *(AP, Reuters)*

Yeltsin Yields (or Not) on State Bank

Reuters

MOSCOW — The acting Soviet prime minister, Ivan S. Silayev, said Friday that the Russian Republic had dropped plans to create an independent state bank using Soviet gold and hard currency reserves.

But an aide to the Russian president, Boris N. Yeltsin, gave the impression that the idea was not dead, branding the Soviet central bank, Gosbank, a "monster" and suggesting that replacing it with a Russian state bank would benefit all the republics.

Gennadi Burbulis, the Russian state secretary, told foreign reporters that Mr. Yeltsin's proposal for a Russian state bank had been merely a "hypothesis."

He said it would be interesting to ask all the republics: "What would suit you better? One Russian state bank, taking on all the obligations of the former union bank and carrying out an agreed program for this period? Or will you continue to preserve this monster, taking decisions without your joint consent, piling up hopeless debt and increasing our credit obligations without any real progress in the field of production?"

Mr. Burbulis said the "monster," Gosbank, instead of helping to cure the economy, was making the crisis worse.

Mr. Silayev told Tass news agency that he and Mr. Yeltsin had agreed that the Soviet legislature would re-examine a Kremlin request for a 30 billion ruble Gosbank credit to the Finance Ministry. That amount represents $17 billion at the commercial ruble rate.

The request, which would increase the country's money supply without first seeking the consent of the republics, had prompted Mr. Yeltsin to seek the creation of an independent bank.

"In other words, Boris Yeltsin has effectively withdrawn his interpretation of the matter," Tass quoted him as saying.

Mr. Yeltsin had told a meeting of Russian city leaders on Thursday that he had signed the proposal to create the separate bank and sent it to the Congress of People's Deputies, the supreme Russian legislature.

Tass had said that Mr. Yeltsin's proposal involved the transfer into the hands of the Russian Republic of all hard currency and gold in Gosbank.

The virtual collapse of centralized Soviet power has left Russia and the other republics scrambling to assert control over natural resources, industry and gold and currency reserves.

Disputes over such issues threaten to hold up the completion of an economic cooperation agreement, which only eight of the 12 republics have so far agreed to sign.

The republics are also seeking a mechanism to share between them the Soviet foreign debt of $68 billion. One of them, Azerbaijan, has said it will refuse to pay any portion of the debt.

Italian Firm to Buy Control of Hugo Boss

Compiled by Our Staff From Dispatches

MILAN — The Italian textile company Marzotto has a preliminary agreement to buy control of the German menswear maker Hugo Boss AG for 280 million Deutsche marks ($165 million), Marzotto announced Friday.

The company, whose full name is Manifattura Lane Gaetano Marzotto & Figli SpA, is to acquire 77.5 percent of Hugo Boss's common stock under the agreement with Leyton House Group of Japan.

Leyton House, headed by the entrepreneur Akira Akagi, took control of Hugo Boss in late 1989 and raised its stake during 1990. But Mr. Akagi has had trouble recently in Japan, where he was arrested in September on suspicion of forging bank documents used as loan collateral.

Marzotto, based in Valdagno, Italy, said that under its agreement with Leyton House, it was buying the 77.5 percent stake in Hugo Boss's common stock "directly or through third parties." It has been reported that Mr. Akagi owns 63 percent of Hugo Boss.

The company founders, Jochen and Uwe Holy, retain a 14.7 percent stake in Hugo Boss, and the German press has reported in recent days that they were seeking to buy the company back from Mr. Akagi.

Marzotto, a world leader in production of wool textiles and clothing, is controlled by the Marzotto family with a 60 percent shareholding.

The company made a growth leap in 1987 when it took over Lanerossi, the textile subsidiary of Italian state-owned Ente Nazionale Idrocarburi.

Last year, Marzotto had sales of 1.44 trillion lire ($1.15 billion), 1.03 trillion of that in Italy, and profit that fell 9.7 percent to 45.4 billion lire.

Hugo Boss, based in Metzingen, near Stuttgart, had consolidated sales of 921 million DM in 1990 on pretax profit that fell a sharp 26 percent to 67.7 million DM.

Hugo Boss owns the Hamburger Clothiers Inc. and Harris & Frank Inc. retail chains in the United States, and Marzotto said that by acquiring Boss, it was seeking to expand in that country, in Germany, and in France.

Marzotto said it did not expect to make a public tender offer for the remaining Hugo Boss shares, and believes it can rely on cash flow to finance the purchase without resorting to a capital increase.

Marzotto did not say how much it was paying per common share of Hugo Boss, whose stock zoomed on the Frankfurt exchange from 780 DM Tuesday to 835 DM Thursday before the announcement.

Marzotto's stock fell from 6,375 lire a share Monday to 6,290 lire Thursday on the Milan stock exchange.

J.P. Morgan & Co., adviser to Marzotto, said in London that the deal should be completed before the end of the year, subject to approval by German and U.S. authorities. *(Reuters, AP, BBN)*

At Seagram, Thirst For an Acquisition

By Eben Shapiro
New York Times Service

NEW YORK — The agreement this week by Seagram Co. to sell a group of seven liquors to American Brands Inc. signals a move by Seagram to build a war chest for an acquisition, analysts say.

But Seagram says it is selling brands with lower profit margins and less growth potential than its costlier offerings, like Chivas Regal.

Seagram agreed to sell the liquors to American Brands, a diversified company and the maker of Jim Beam bourbon, for $372.5 million. The brands are Ronrico rum, Lord Calvert Canadian Whiskey, Kessler American Blended Whiskey, Calvert Gin, Calvert Extra American Whiskey, Wolfschmidt vodka and Leroux cordials.

Edgar Bronfman Jr., the president of Seagram, said, "While the divested brands represent approximately one-quarter of the House of Seagram's sales in the United States, they constitute a significantly lower percentage of operating income."

The sale will reduce Seagram's presence in the U.S. spirits market, where drinking is declining because of health and social factors. The drop in consumption has been sharper for cheaper liquors, analysts said.

Seagram has shifted its strategy to focus on premium brands with higher profit margins and greater growth potential. It has run advertising for Chivas that asks, "Drinking Less? Then Drink Better."

Stephen E. Banner, the senior vice president of Seagram, said the company was not actively shopping for acquisitions. But he added, "We are going to be opportunistic. We are certainly going to look at acquisitions, but it really depends on what is out there."

"It's very hard to be optimistic in terms of growth trends in the United States for the lower-end brands," Mr. Banner said.

William J. Alley, the chairman and chief executive of American Brands, said buying the Seagram brands would strengthen the company in the market for vodka, whiskey and rum. With the acquisition, American Brands' Jim Beam Brand Co. will displace Seagram as the third largest spirits company in the United States.

Roy D. Burry, an analyst at Kidder, Peabody & Co., said he expected Seagram to make an acquisition within 18 months.

The Brands of the House of Seagram

Highlighted are the brands being sold, representing about 25% of House of Seagram sales volume in the U.S.

AMERICAN WHISKEY
Calvert Extra
Four Roses
Kessler
Seagram's Seven Crown

SCOTCH WHISKY
Chivas Regal
Glenlivet
Passport
Royal Salute

CANADIAN WHISKEY
Canadian Hunter
Crown Royal
Lord Calvert Canadian
Seagram's Mount Royal Light
Seagram's V.O.

VODKA
Wolfschmidt

COGNAC
Martell

GIN
Boodles
Calvert
Seagram's Extra Dry

RUM
Captain Morgan Original Spiced
Myer's Original Dark Rum
Ronrico

BRANDY/LIQUEUR
Leroux

OTHER
Coyote
Seagram's Gin and Juice

Source: Company Reports — The New York Times

David A. Goldman, an analyst at Nomura Research Institute, agreed that the sale was a prelude to an acquisition. Seagram acquired Martell cognac and Tropicana Products Inc. in 1988 for a combined $2.2 billion.

"It's fairly clear to me that one shoe has not fallen," Mr. Goldman said.

Mr. Banner said that acquisition candidates would not be limited to the beverage industry.

"Clearly, we are going to look for things in our base business," he said, "but if it is not in our base business we would like to see something that is complementary."

Seagram, a beverage company with $5 billion in annual sales, also owns 24.5 percent of Du Pont Co. American Brands makes Carlton, Pall Mall and Benson & Hedges cigarettes. Among other businesses it owns the Franklin group of life insurance companies and Acco World Corp., an office-supplies maker. It recently ended an attempt to acquire Invergordon Distillers Group PLC of Scotland.

At the close Friday on the New York Stock Exchange, American Brands shares were down 50 cents to $41.50, and Seagram stock ended at $114.875, up $1.375. On Thursday, after the sale was announced, American Brands shares closed unchanged at $42 and Seagram gained 50 cents, to end at $113.50.

No Pact As GATT Deadline Passes

Director-General Pushes for Action By End of Month

Compiled by Our Staff From Dispatches

GENEVA — Negotiators at GATT talks failed to meet a Nov. 1 deadline to reach a draft agreement on a new world trade pact, a GATT spokesman said Friday.

Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, set the deadline six weeks ago in a bid to force a conclusion to five years of negotiations in the 108-nation Uruguay Round.

But David Woods, chief GATT spokesman, said Friday that draft agreements asked for by Mr. Dunkel had not been completed in any of the seven negotiating areas, including one area Mr. Dunkel himself handles — agriculture.

It was agriculture, especially a row over European Community farm subsidies, that scuttled a previous attempt to conclude a new global trade agreement at a meeting of world trade ministers in Brussels last December.

Mr. Woods said Mr. Dunkel and the other chairmen of the negotiating groups would prepare assessments of the progress made in each sector to be presented during the coming week to a meeting of the Uruguay Round steering group, the Trade Negotiations Committee, in Geneva.

GATT delegates said that if — after Mr. Dunkel's presentation to the Trade Negotiating Committee — no progress is made on the outstanding issues, Mr. Dunkel might decide to draw up a "take-it-or-leave-it" global package.

They said Mr. Dunkel would probably then aim to have that document — a revised version of the failed Brussels accord — ready in time for a meeting of EC farm ministers on Nov. 18.

If the political decisions are not forthcoming by the end of the month, Mr. Dunkel risks seeing the trade talks overshadowed by a summit meeting in the Netherlands in December where EC governments plan to finalize an agreement on political and monetary union.

Next year, the United States will be preoccupied with its presidential and congressional elections and the EC will be choosing new commissioners.

The Uruguay Round, begun in 1986, is the most ambitious attempt yet to liberalize world commerce and provide it with a trade rulebook for the 21st century.

Although progress has been difficult in all seven negotiating sectors, which include intellectual property rights, market access and services, delegates say agriculture is still causing the biggest problems.

EC officials say the relaxation of German opposition to subsidy cuts has given the 12-nation trade bloc's Commission more negotiating flexibility.

However, France and Ireland are still resisting any reform program that might threaten the livelihood of their farmers. *(Reuters, AP)*

CURRENCY RATES

Cross Rates

Nov. 1

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.874	3.274	1.1267	0.3297	0.1504 *	—	5.4715 *	1.2012	1.439 *	1.677	1.79 *
Brussels						Closed					
Frankfurt	1.685	2.907	—	0.2926	0.1335 *	0.8877	4.857 *	1.1379	1.2795 *	1.4868	1.59 *
London (a)	1.7495	—	2.906	9.9284	2,176.00	3.2764	59.955	2.5561	227.615	1.9612	182.74
Madrid						Closed					
Milan						Closed					
New York (b)	—	1.7675 a	1.6445	5.6225	1,233.86	1.853	33.875	1.4435	129.75	1.1202	103.55
Paris						Closed					
Tokyo	130.75	227.90	78.34	22.92	0.1046	69.55	3.8042	89.22	—	116.53	1.2629
Toronto	1.12	1.9801	0.6814	0.1993	0.909 *	0.6048	3.258 *	0.7759	0.8635 *	—	1.0771 *
Zurich	1.4435	2.5589	0.88	0.2576	0.1175 *	0.7822	4.2761 *	—	1.1207 *	1.2885	1.3999 *
1 ECU	1.2262	0.7041	2.0459	6.9917	1,532.59	2.3049	42.1718	1.7984	159.834	1.3751	128.75
1 SDR	1.3685	0.786	2.2833	N.Q.	N.Q.	2.4723	N.Q.	N.Q.	178.792	1.5345	N.Q.

*Closings in Amsterdam, London, New York, Toronto and Zurich. Fixings in other centers. a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	9782.0	Greek drac.	186.35	Mex. peso	3071.66	S. Afr. rand	2.828
Austral. $	1.2812	Hong Kong $	7.769	N. Zealand $	1.7905	Soviet ruble**	32.00
Austr. schil.	11.72	Indian rupee	25.967	Norw. krone	6.541	Swed. krona	6.0835
Brazil cruz.	622.45	Indo. rupiah	1976.01	Phil. peso	26.50	Taiwan $	26.00
Chinese yuan*	5.3809	Irish £	0.6252	Port. escudo	143.45	Thai baht	25.58
Danish krone	6.476	Israeli shek.	2.3587	Saudi riyal	3.75	Turkish lira	4875.00
Egypt. pound	3.3339	Kuwaiti dinar	0.2887	Sing. $	1.6885	UAE dirham	3.6723
Fin. markka	4.052	Malay. ring.	2.749	S. Kor. won	752.70	Venez. boliv.	60.01

**Official rate. ** Tourist rate (commercial rate: 1.7652)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.7337	1.7263	1.7191	Canadian dollar	1.1244	1.1267	1.1288
Deutsche mark	1.6733	1.6796	1.6857	Japanese yen	130.48	130.55	130.66
Swiss franc	1.4675	1.4714	1.4754				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

Nov. 1

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	4 15/16-5 1/16	9 1/8-9 1/4	7 7/8-8	10 3/8-10 1/2	8 15/16-9 1/16	6 3/16-6 5/16	9 1/2-9 5/8	6 5/8
2 months	5 1/16-5 3/16	9 3/8-9 1/2	8 1/4-8 3/8	10 3/8-10 1/2	8 15/16-9 1/16	6 1/8-6 1/4	9 7/16-9 9/16	6 5/8
3 months	5 1/16-5 3/16	9 3/8-9 1/2	8 1/4-8 3/8	10 3/8-10 1/2	9 1/16-9 3/16	6 1/16-6 3/16	9 7/16-9 9/16	6 5/8
6 months	5 1/16-5 3/16	9 3/8-9 1/2	8 1/4-8 3/8	10 1/2-10 5/8	9 1/8-9 1/4	5 15/16-6	9 7/16-9 9/16	6 5/8
1 year	5 3/16-5 5/16	9 3/8-9 1/2	8 3/16-8 5/16	10 1/2-10 5/8	9 1/8-9 1/4	5 5/8-5 3/4	9 5/16-9 7/16	6 5/16

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

Nov. 1

United States	Close	Prev.
Discount rate	5.00	5.00
Prime rate	8.00	8.00
Federal funds	4 15/16	5 1/4
Com. paper 90-179 days	4.98	5.05
3-month Treasury bills	4.74	4.82
6-month Treasury bills	4.76	4.83
1-year Treasury bills	4 3/4	4.81
30-year Treasury bond	7.93	7.92
2-month CD's	4 3/4	4.85
3-month CD's	4 3/4	4.85
Japan		
Discount rate	5 1/2	5 1/2
Call money	6 15/32	6 9/16
1-month interbank	N.A.	6 3/16
3-month interbank	N.Q.	6 3/32
Germany		
Discount rate	7 1/2	7 1/2
Lombard rate	9 1/4	9 1/4
Call money	8.95	7.00
1-month interbank	9.15	9.15
3-month interbank	9.40	9.40
6-month interbank	N.A.	9.40
Britain		
Bank base rate	11.00	11.00
Call money	10 3/4	10 7/16
3-month interbank	10 1/2	10 1/2
6-month interbank	10 5/16	10 5/16
France		
Intervention rate	8 3/4	8 3/4
Call money	Clsd.	8 7/8
1-month interbank	—	8 15/16
3-month interbank	—	9 1/8
6-month interbank	—	9 3/16

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Credit Lyonnais.

Asian Dollar Deposits

Nov. 1

1 month	5 - 5 1/8
2 months	5 1/4 - 5 3/8
3 months	5 1/8 - 5 1/4
6 months	5 1/8 - 5 1/4
1 year	5 1/4 - 5 3/8

Source: Reuters.

U.S. Money Market Funds

Nov. 1

Merrill Lynch Ready Assets
30-day average yield: 5.01
Telerate Interest Rate Index: 4.986
Source: Merrill Lynch, Telerate.

GOLD

Nov. 1

	A.M.	P.M.	Ch'ge
Hong Kong	358.05	357.85	— 0.90
Luxembourg		Closed	
Paris (12.5 kilo)		Closed	
Zurich	357.85	357.90	+ 0.15
London	357.50	357.75	+ 0.30
New York	—	355.15	— 2.60

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Hyundai's Steep Tax Penalty

Fine Fuels Discord Between Seoul and Conglomerates

Compiled by Our Staff From Dispatches

SEOUL — South Korea's Hyundai conglomerate and its founding family were ordered Friday to pay a record 136.1 billion won ($181.3 million) in tax penalties.

The family's share of the penalty relates to alleged illegal stock dealings aimed at evading inheritance taxes, and the group's share to unpaid corporate taxes.

"It's not fair," a Hyundai spokesman said. "We had expected about a 10 billion won tax penalty." Because of the size, a complex legal battle between the government and the group's founder, Chung Ju Yung, is expected.

Separately, the National Tax Administration disclosed that Cho Jung Hoon, chairman of Korean Air, was forced to pay 51.5 billion won in penalty taxes early this year for illegal stock transfers to a son.

The actions by the government of President Roh Tae Woo are part of an effort by tax officials to force wealthy Koreans to pay their fair share of taxes.

Commentators have speculated that tax investigations into Hyundai and other business groups were, in addition, a means for the government to keep the increasingly defiant conglomerates on a short leash.

After the Korean War, the government nurtured the conglomerates into a dominant economic force through special loans and incentives. But more recently, the government has attempted to slow the conglomerates' expansion, and the groups, known as *chaebol*, have become increasingly critical of the government.

Some analysts said Friday's announcement could reflect government's decision to block transfers of wealth between generations of the chaebols' controlling families. Founders of conglomerates usually have tried to complete asset transfers to heirs before death to secure family management and avoid inheritance taxes.

Lee Sang Hyuk, head of the Tax Administration's Seoul office, said six other business groups were under tax audits and the results of these investigations would be announced in a month or two.

Mr. Chung, 75, and nine members of his family illegally traded a huge amount of stock among themselves without going through the Korea Stock Exchange, the Tax Administration said.

The office said that Mr. Chung and his family had evaded 100.1 billion won in taxes by purchasing shares of Hyundai Precision & Industries Co., Hyundai Marine & Fire Insurance Co. and Hyundai Pipe Co. from other subsidiaries at a lower price before listing in 1989. Mr. Chung and his family also transferred nonlisted Hyundai group shares to their heirs at low prices between 1986 and 1989, the statement said.

Hyundai, Korea's second-largest conglomerate, has 44 subsidiaries that produce cars, ships, computers and railroad rolling stock. Its 1990 sales were $4.5 billion. *(AP, Reuters, AFP)*

Argentina Ends Trade Restrictions

Compiled by Our Staff From Dispatches

BUENOS AIRES — Euphoria over President Carlos Saúl Menem's announcement of measures to deregulate the economy boosted share prices 5.1 percent Friday on the Buenos Aires Stock Exchange.

Anticipation of the measures had sent prices up 3 percent Thursday and 7.9 percent Wednesday.

The measures, announced late Thursday, aim to sweep away controls on everything from car imports to stock exchange fees, rules that Mr. Menem said had choked the country's economy.

Mr. Menem cut restrictions and taxes on foreign trade, scrapping regulations on labor contracts and business hours and prohibiting the fixing of fees by professional unions.

He predicted that the measures would lead to "an explosion of productivity" and a return of boom times that characterized the Argentine economy in the first half of the century.

In taking such measures just two weeks before a scheduled trip to the United States, Mr. Menem appeared to be strengthening his case for support from the International Monetary Fund and other international institutions, financial sources said.

Mr. Menem antagonized opposition leaders by making the changes by decree rather than through parliament. He said it would have taken years for Congress to pass the measures. *(Reuters, AFP)*

MARKET DIARY

Rate Cut's Absence Hurts Stock Prices

Reuters

NEW YORK — Prices on the New York Stock Exchange fell Friday in volatile activity, dragged down by late program selling and disappointment that there was no cut in interest rates, analysts said.

The Dow Jones industrial average, which had fallen 2.68 points on Thursday, closed down 13.20 Friday at 3,055.90.

Declining stocks led advancers by about 8-to-7 on volume of almost 206 million shares, compared with 179.4 million on Thursday.

Analysts noted the market's dashed expectations that the Federal Reserve would move Friday to cut the discount rate after weak U.S. data on jobs and leading economic indicators.

"I think everybody wanted to see a cut today because the numbers were as weak as everyone was expecting," said one trader. Friday's decline "is mostly a pause for breath plus disappointment about no discount rate cut," he said.

President George Bush expressed hope the Fed would cut rates.

"I think the employment numbers — and the weak economy they portend — mean the president's pressure on the Fed will be successful," said Gene Jay Seagle, director of technical research at Gruntal & Co.

Analysts said program trades exaggerated Friday's move, as many investors had remained on the sidelines after the data. "One of the major problems facing the market is the volatility that is being caused by *buy and sell programs*," Mr. Seagle said.

RJR Nabisco topped the volume list of the New York Stock Exchange, gaining ¼ to 10⅜. The company began an offering of 200 million depositary shares of preferred equity redemption cumulative stock.

The stock of Intel Corp. jumped 1¼ to 41⅞.

N.Y. Stocks

U.S. Payroll Data Send Dollar to 8-Month Low

Reuters

NEW YORK — The dollar, falling on data that indicated persistent weakness in the U.S. economy, closed Friday at levels last seen in March after technical support levels crumbled.

Bill Arnold of Chemical Banking Corp. said perceptions of a weak U.S. economy helped sink the dollar. He said the October payroll report "was consistent with expectations but expectations were for a weak number."

The dollar closed at 1.6445 Deutsche marks, down from 1.6720 DM at the close Thursday. It was the lowest U.S. close against the mark since March 21.

The dollar ended at 129.75 yen, down from Thursday's close of 130.98 yen. The finish against the yen was in line with levels seen in early and mid-October.

Mr. Arnold of Chemical Banking said "there is definitely interest to sell dollars against European currencies" where interest rates are higher.

The U.S. currency finished Friday at 1.4435 Swiss francs and 5.6235 French francs, down from 1.4687 and 5.7070 the day before. The pound closed at $1.7675, up almost 3 pence from $1.7395.

Technicians said the dollar's descent through various technical supports such as 1.6580 DM, 1.6550 and 1.6530 was a major factor that brought in waves of further selling. Rayelle Weber Tyler of International Treasury Consulting said there was probably potential for a further drop to 1.6250 DM.

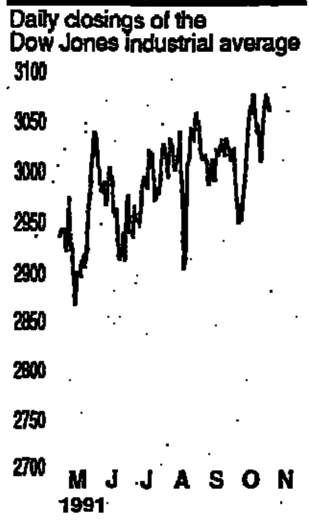
In London, the dollar was also lower, closing at 1.6612 DM, down from 1.6735 DM Thursday. The U.S. currency declined to 130.25 yen, from 130.73 yen, and to 1.4615 Swiss francs and 5.6775 French francs, down from 1.4673 and 5.7150. The pound gained to $1.7495 from $1.7400.

Foreign Exchange

Via Associated Press Nov. 1

The Dow

Daily closings of the Dow Jones industrial average



NYSE Most Actives

	Vol.	High	Low	Last	Chg.
RJR pfA	166428	10⅜	10¼	10½	
RJR Nb n	130658	10½	10	10⅜	+ ¼
RJR pt	25263	39¼	38¼	39⅛	+1⅞
Texaco	22427	65⅝	64¾	64⅞	— ⅜
IBM	21617	99⅝	97¾	98⅝	+ ⅛
AmExp	20122	19⅝	18⅞	19⅛	+ ⅛
PhilMr	19950	70	68⅝	69⅝	—1
Syntex s	18468	46¾	45⅝	45⅞	— ½
AMD	18460	13	12⅝	12¾	— ½
Total n	18423	22¾	22	22⅝	+ ⅛
AT&T	17588	39	38½	38⅝	— ⅛
GTE	16916	33¼	32	32¾	+ ½
TelMex n	16683	44½	43⅞	44½	+1½
ToyRU	16176	28¼	27⅜	27⅝	— ½
BlockE s	15102	11½	10⅝	11	— ½

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
AdvMed	4967	19¼	17⅞	18⅛	+ ⅛
DWG	4611	3½	2⅞	2⅞	— ⅝
Amdhl	3802	15⅝	15⅛	15½	
Hilhov	3097	2	1⅞	2	+ ⅛
FruitL	3053	23¼	22⅝	23¼	+ ⅜
TubMex	2971	10½	10⅛	10⅜	+ ¼
EchoBy	2914	8	7⅝	7⅞	— ⅛
WangB	2790	2⅝	2½	2½	
NAVoc	2647	28	25½	27	+1½
ColLb	2605	9⅝	8⅞	9½	+ ⅜
Hasbro	2556	35⅛	34⅝	35	— ⅜
RspTch	2541	8⅛	7	7⅜	— ⅝
A-gte sc	2417	10⅜	9⅞	10½	+ ⅜
GreyLn n	2413	13½	11¾	12⅛	—1⅛
NtPoint	2226	5⅞	4½	5	+ ⅜

NYSE Diary

	Close	Prev.
Advanced	774	904
Declined	842	725
Unchanged	522	527
Total Issues	2138	2156
New Highs	107	112
New Lows	14	11

Amex Diary

	Close	Prev.
Advanced	268	326
Declined	288	274
Unchanged	266	228
Total Issues	814	828
New Highs	39	45
New Lows	4	10

NASDAQ Diary

	Close	Prev.
Advanced	971	1,225
Declined	1,054	844
Unchanged	2,137	2,096
Total Issues	4,162	4,165

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	3075.36	3091.91	3031.75	3055.90	— 13.20
Trans	1279.71	1295.59	1269.99	1280.83	— 2.24
Util	216.32	217.14	214.38	215.64	— 0.37
Comp	1110.92	1118.86	1098.08	1106.67	— 3.55

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	466.19	459.64	461.48	— 1.47
Transp.	329.68	324.34	326.43	+ 0.54
Utilities	148.45	146.83	147.43	+ 0.06
Finance	32.09	31.69	31.81	— 0.19
SP 500	395.10	389.67	391.32	— 1.14
SP 100	369.43	364.50	366.17	— 1.92

NYSE Indexes

	High	Low	Close	Ch'ge
Composite	217.37	215.45	216.01	— 0.53
Industrials	270.27	268.52	268.69	— 0.80
Transp.	195.90	193.86	194.53	+ 0.43
Utilities	97.36	96.77	96.98	+ 0.10
Finance	162.82	161.86	162.00	— 0.58

NASDAQ Indexes

	High	Low	Close	Ch'ge
Composite	543.64	539.87	540.93	— 2.05
Industrials	613.58	609.37	610.07	— 1.94
Finance	536.08	533.41	534.62	— 1.75
Insurance	551.49	547.46	549.51	— 0.28
Utilities	600.64	588.89	594.48	— 7.81
Banks	334.68	332.20	333.88	+ 0.43
Transp.	549.03	542.36	547.33	+ 0.76

AMEX Stock Index

High	Low	Close	Ch'ge
387.73	385.97	386.85	— 0.46

Dow Jones Bond Averages

	Close	Ch'ge
20 Bonds	97.40	+ 0.19
10 Utilities	99.00	+ 0.30
10 Industrials	95.81	+ 0.09

Market Sales

NYSE 4 p.m. volume	206,480,000
NYSE prev. cons. close	217,017,010
Amex 4 p.m. volume	13,560,000
Amex prev. cons. close	23,501,000
NASDAQ 4 p.m. volume	205,424,400
NASDAQ prev. 4 p.m. volume	228,516,000

N.Y.S.E. Odd-Lot Trading

	Buy	Sales	Short*
Oct. 31	617,841	718,010	78,742
Oct. 30	675,433	749,466	70,283
Oct. 29	707,394	727,502	49,931
Oct. 28	838,434	584,461	7,078
Oct. 25	687,597	555,472	20,015

*Included in the sales figures.

S&P 100 Index Options

Nov. 1

Strike Price	Calls-Last Nov	Dec	Jan	Feb	Puts-Last Nov	Dec	Jan	Feb
335	—	—	—	—	¼	—	—	—
340	—	29½	—	—	⅛	1½	3	—
345	21⅝	—	25½	—	⅛	2⅛	3⅛	—
350	16⅛	19⅝	23	—	⅜	2⅝	5	4⅝
355	12	15½	—	—	1⅜	4	5⅝	—
360	7⅝	12⅛	13¼	—	2⅜	5⅜	7⅝	9⅛
365	4⅛	9	12	—	3⅝	7⅞	9⅝	—
370	2	6	9	—	6⅛	9½	11⅛	14
375	⅝	3⅞	7	—	10½	13⅛	—	—
380	⅛	2⅛	5	7⅛	13	14⅞	16⅛	18½
385	⅛	1⅛	3⅝	—	20	19½	—	—
390	⅛	⅞	2⅛	3⅛	24⅛	—	23⅛	—

Calls: total vol. 122,795; total open int. 336,582
Puts: total vol. 117,581; total open int. 352,684

	Dec 92	Dec 93	Dec 92	Dec 93
30	—	⅛	—	—
35	4⅛	—	2⅛	7⅞
37½	—	—	—	3⅛
40	3⅛	—	4⅝	—

Calls: total vol. 346; total open int. 25,184
Puts: total vol. 714; total open int. 83,976
Source: CBOE.

EUROPEAN FUTURES

Food

	Close		High	Low	Prev. Close	
SUGAR (FOX) U.S. Dollars per metric ton-lots of 50 tons						
Dec	195.20	200.20	200.00	200.00	198.20	203.70
Mar	195.00	195.20	199.00	195.20	198.00	198.20
May	193.00	197.00	196.20	194.00	195.00	197.20
Aug	195.00	201.60	N.T.	N.T.	198.00	201.80
Oct	195.00	198.00	198.00	197.00	196.00	200.00
Dec	187.00	196.00	N.T.	N.T.	187.00	196.00
Est. Sales 689.						
COCOA (FOX) Sterling per metric ton-lots of 10 tons						
Dec	749	750	753	742	738	739
Mar	793	794	794	783	782	783
May	815	816	819	808	805	806
Jul	838	839	839	836	829	832
Sep	859	860	863	855	851	853
Dec	881	883	887	880	874	875
Mar	904	905	909	903	897	898
May	918	922	920	920	913	915
Jul	936	939	N.T.	N.T.	927	932
Sep	953	954	960	950	943	944
951						
Est. Sales 3,471.						
COFFEE (FOX) Sterling per metric ton-lots of 5 tons						
Nov	512	513	523	505	520	522
Jan	536	537	547	529	540	541
Mar	542	543	555	537	544	545
Est. Sales 18,373.						

Metals

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	1154.50	1155.50	1160.00	1161.00
Forward	1182.00	1183.00	1188.00	1189.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1359.00	1360.00	1377.50	1378.50
Forward	1352.00	1352.50	1367.00	1367.50
LEAD Sterling per metric ton				
Spot	292.00	293.00	296.00	297.00
Forward	303.50	304.00	307.00	308.00
NICKEL Dollars per metric ton				
Spot	7445.00	7455.00	7460.00	7470.00
Forward	7490.00	7500.00	7500.00	7510.00
TIN Dollars per metric ton				
Spot	5520.00	5530.00	5535.00	5545.00
Forward	5580.00	5590.00	5600.00	5605.00
ZINC (Special High Grade) Dollars per metric ton				
Spot	991.00	992.00	994.00	995.00
Forward	1009.00	1010.00	1013.00	1014.00

Financial

	High	Low	Close	Change
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct				
Dec	89.79	89.74	89.76	— 0.08
Mar	90.20	90.17	90.19	— 0.05
Jun	90.30	90.25	90.27	— 0.04
Sep	90.25	90.23	90.25	— 0.03
Dec	90.15	90.13	90.15	— 0.03
Mar	N.T.	N.T.	89.99	— 0.03
Jun	89.87	89.87	89.87	— 0.04
Sep	89.83	89.82	89.82	— 0.03
Dec	N.T.	N.T.	89.80	+ 0.01
Est. volume: 29,317. Open interest: 143,854.				
3-MONTH EURODOLLARS (LIFFE) $1 million - pts of 100 pct				
Dec	94.84	94.76	94.83	+ 0.07
Mar	94.95	94.88	94.95	+ 0.08
Jun	94.76	94.67	94.75	+ 0.08
Sep	94.38	94.37	94.45	+ 0.07
Dec	93.83	93.83	93.90	+ 0.08
Mar	93.60	93.60	93.69	+ 0.08
Jun	N.T.	N.T.	93.35	+ 0.08
Sep	N.T.	N.T.	93.06	+ 0.08
Est. volume: 2,768. Open interest: 35,170.				
3-MONTH EUROMARKS (LIFFE) DM1 million - pts of 100 pct				
Dec	90.55	90.49	90.50	— 0.07
Mar	90.77	90.74	90.75	— 0.03
Jun	90.97	90.93	90.96	— 0.01
Sep	91.16	91.10	91.13	— 0.01
Dec	91.25	91.23	91.23	— 0.01
Mar	91.42	91.41	91.42	Unch.
Jun	91.56	91.53	91.55	— 0.01
Sep	N.T.	N.T.	91.60	— 0.01
Est. volume: 15,954. Open interest: 171,629.				
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct				
Dec	94-31	94-14	94-18	— 0-26
Mar	95-02	94-27	94-21	— 0-26
Est. volume: 29,650. Open interest: 45,288.				
GERMAN GOVERNMENT BUND (LIFFE) DM 250,000 - pts of 100 pct				
Dec	85.69	85.38	85.59	+ 0.06
Mar	85.86	85.73	85.87	+ 0.06
Est. volume: 27,493. Open interest: 64,166.				

Industrials

	High	Low	Last	Settle	Ch'ge
GASOIL (IPE) U.S. dollars per metric ton-lots of 100 tons					
Nov	219.75	218.00	218.75	218.75	+ 2.25
Dec	220.75	219.25	220.25	220.25	+ 2.25
Jan	218.50	217.00	218.00	218.00	+ 2.50
Feb	211.00	209.50	209.50	209.75	+ 2.75
Mar	202.00	201.25	202.00	202.00	+ 2.25
Apr	194.00	193.75	195.75	193.75	+ 1.50
May	187.00	186.50	187.00	186.75	+ 1.25
Jun	182.00	182.00	182.00	182.00	+ 0.50
Jul	N.T.	N.T.	N.T.	181.75	+ 0.50
Est. Sales 9,346. Prev. sales 11,114. Open interest 81,589					
BRENT CRUDE OIL (IPE) U.S. dollars per barrel-lots of 1,000 barrels					
Dec	22.32	22.15	22.51	22.51	+ 0.41
Jan	22.25	21.94	22.25	22.23	+ 0.40
Feb	21.85	21.70	21.85	21.85	+ 0.30
Mar	21.45	21.45	21.45	21.45	+ 0.25
Apr	21.13	21.12	21.12	21.72	+ 0.27
May	N.T.	N.T.	N.T.	20.83	+ 0.18
Jun	20.66	20.66	20.66	20.63	+ 0.18
Jul	N.T.	N.T.	N.T.	20.43	+ 0.18
Aug	N.T.	N.T.	N.T.	20.33	+ 0.18
Est. Sales 19,304. Prev. sales 21,083. Open interest 83,592					

Stock Indexes

FTSE 100 (LIFFE) £25 per index point				
Dec	2583.0	2562.0	2566.0	— 19.0
Mar	2611.5	2611.5	2599.0	— 20.0
Jun	N.T.	N.T.	2630.0	— 20.8
Est. volume: 6,812. Open interest: 35,763.				

Sources: Reuters, Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

Spot Commodities

Commodity	Today	Prev.
Aluminum, lb	0.524	0.527
Coffee, Braz, lb	0.61	0.61
Copper electrolytic, lb	1.20	1.1805
Iron FOB, ton	213.00	213.00
Lead, lb	0.33	0.33
Silver, troy oz	4.105	4.105
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	95.00	95.00
Tin, lb	3.5753	3.5821
Zinc, lb	0.50	0.50

Dividends

Company	Per	Amt	Pay	Rec
INCREASED				
Allergan Inc	Q	.09	12-9	11-18
Amer Fructose cl-A	Q	.12	11-27	11-13
Amer Fructose cl-B	Q	.12	11-27	11-13
Amer Home Prod	Q	.65	12-1	11-13
Amer Natl Ins	Q	.47	12-20	12-6
Fst Natl Bncp Ga	Q	.22	1-1	12-13
Integra Finl Corp	Q	.32	12-1	11-5
PSI Resources	Q	.25	12-1	11-12
Sara Lee Corp	Q	.25	1-1	12-2
United SvgBk Mont	Q	.13	11-25	11-11
INITIAL				
CML Group	Q	.02	12-2	11-15
OMITTED				
Crownx Inc				
General Trustco				
REDUCED				
Transco Energy	Q	.15	12-3	11-12
SPECIAL				
Sara Lee Corp	-	.24	1-1	12-2
STOCK				
Networks Elec Corp		.5PC	11-21	11-17
STOCK SPLIT				
Score Board Inc				
USUAL				
Amdahl Corp	Q	.02½	11-25	11-11
Barold Corp	Q	.05	12-31	12-17
CrownCentrlPet cl-A	Q	.10	11-27	11-11
CrownCentrlPet cl-B	Q	.18	11-27	11-11
Colbro Corp	Q	.20	1-2	12-20
Hon Industries	Q	.09	12-2	11-11
Interstate Power	Q	.51	12-20	11-28
National Data Corp	Q	.11	11-29	11-22
NL Industries	Q	.15	12-31	12-17
Olin Corp	Q	.55	12-10	11-12
Provident Life cl-A	Q	.25	12-10	11-29
Quaker State	Q	.20	12-13	11-15
Schlumberger	Q	.30	1-10	12-23
Unifi Inc	Q	.15	11-25	11-11
Wendy's Int'l	Q	.06	11-25	11-11

a-annual; m-monthly; q-quarterly; s-semi-annual

Source: UPI.

U.S./AT THE CLOSE

Shell Oil Reports 3d-Quarter Loss

HOUSTON (UPI) — Shell Oil Co., the sixth-largest U.S. oil company, reported Friday a third-quarter loss of $14 million that included $90 million in after-tax charges for restructuring a manufacturing complex in California and a litigation settlement.

Shell's third-quarter loss was in contrast to a profit of $227 million for the period a year earlier. Shell does not report earnings per share because it is 100 percent owned by Royal Dutch/Shell Group in Britain and the Netherlands. Third-quarter revenues declined to $5.53 billion from $6.20 billion in the July-September quarter last year.

Excluding the $90 million after-tax charges, Shell said third-quarter earnings were $76 million.

GE Buys Into Privatized Brazil Firm

RIO DE JANEIRO (UPI) — The Brazil government began a second major privatization plan on Friday by selling Latin America's largest airplane engine repairers to a General Electric Co. subsidiary and a Brazilian consortium.

The consortium, made up of the Safra and Boa Vista banks and the Andrade Gutierrez construction company, and the GE subsidiary, bought 75 percent of the 276.6 million shares offered in Celma for $95 million — 25 percent more than the government's minimum sale price.

The overseas investors could only buy 29.2 percent of the stock offered as United Technologies International Operations Inc. already holds 10.8 percent of the stock and the Brazilian law requires that foreign businesses can buy no more than 40 percent of a state-owned company.

GTE Joins Japan Cellular Venture

ATLANTA (Reuters) — GTE Telecommunications Products & Services International said Friday that it had become a partner in TU-KA Phone Kansai Inc., a Japan-based cellular communications company formed by Nissan Motor Co.

The new company will begin operating a high-capacity digital cellular system by 1994 and anticipates 350,000 Japanese customers by the year 2000. GTE also owns a 3 percent equity stake in TU-KA cellular Tokyo, a digital-cellular company formed in July 1991 by Nissan and DDI Corp.

Olestra Approval Unlikely Before '93

CHICAGO (Reuters) — Procter & Gamble Co., which has spent 20 years and more than $180 million to develop Olestra, a no-calorie, no-cholesterol fat replacement, said Friday that it did not expect regulatory approval of the food ingredient before 1993 to 1994.

If no other requirements are presented by the U.S. Food and Drug Administration, the earliest the company could receive approval is 1993 to 1994, Edwin L. Artzt, Procter & Gamble's chairman, told a House Judiciary subcommittee hearing in Washington.

Bank Mergers Move Closer to Reality

NEW YORK (AP) — Two large bank mergers moved closer to *completion on Friday as shareholders at NCNB Corp. and C&S-Sovran* Corp. overwhelmingly agreed to combine and Manufacturers Hanover Corp. stockholders sanctioned a marriage to Chemical Banking Corp.

The $2 billion Manufacturers-Chemical merger would create the third-largest U.S. bank with $135.5 billion in assets. The other combination would create NationsBank, the fourth-largest U.S. bank, with $116 billion in assets.

For the Record

United Artists Entertainment Co. shareholders approved Friday the company's $1 billion merger with Tele-Communications Inc. at a special meeting. TCI stockholders approved the merger on Oct. 17. *(AP)*

A private U.S. environmental research group, MECCA, has turned down Fujitsu Ltd.'s donation of a multimillion-dollar supercomputer because of U.S. government opposition. *(AP)*

R.H. Macy & Co., hurt by a sluggish economy and a drop in consumer spending, reported Friday a net loss for the fourth fiscal quarter of $72.2 million, down from a loss of $79.9 million a year earlier. *(UPI)*

ECONOMY: *Latest Statistics Indicate U.S. Recovery Is Evaporating*

(Continued from page 1)

quickly relayed his message to reporters aboard Air Force One.

David Resler of Nomura Securities, contrasting this with the uncharacteristically vivid description by Allan Greenspan, the Federal Reserve chairman, of the troubled economy earlier this week, said he had never seen the Fed behaving so "enigmatically" since it started easing around the start of the year, although with little effect on the economy, as it turned out.

An analysis of the employment figures showed the head of steam evaporating in the economy's engines. Overall, there was a net loss of only 1,000 jobs in October. Edward McKelvey, senior economist at Goldman, Sachs, said that if a real recovery were under way, payrolls would be increasing by 100,000 to 200,000 a month.

Last month, jobs in the service sector increased by 64,000, mainly in business and social services and the inflated health sector, but officials of the Bureau of Labor Statistics warned that these were almost certain to be revised downward.

Goods-producing jobs declined by 65,000, virtually wiping out the employment gains of the summer months.

The economy also gained 2,000 construction jobs in August and September, then lost 29,000 in the sector in October. Retail trade shed 47,000 jobs last month.

The leading indicators may also have started into more than just a one-month slide in September. Six of the 11 indicators worsened: business spending, money supply, materials prices, the average work-week, unemployment claims and stock prices.

Most of these continued weak in October. Consumer expectations and manufacturers orders rose in September, but figures indicated they will drag the October index down when it is released next month.

WORLD STOCK MARKETS

Agence France Presse Nov. 1

	Close	Prev.
Amsterdam		
ABN Amro Hld	39.70	40
ACF Holding	31.20	30.80
Aegon	110.20	109.60
Ahold	82.60	82.20
Akzo	121.90	122.80
AMEV	47	46.80
A'Dam Rubber	3.55	3.55
Bols	42.40	42.10
Buhrmann Tett	44	43.90
Center Parcs	24.50	24.25
CSM	83.40	83.70
DAF	21.60	20.80
DSM	99.10	99
Elsevier	91.50	91.80
Fokker	28	28.40
Gist-Brocades	32	32
Heineken	155.20	154.60
Hoogovens	46.30	46.10
Hunter Douglas	71.80	70
IHC Caland	59.80	60
Inter Mueller	64.80	65
Int'l Nederland	47.90	47.70
KLM	37.50	38.30
KNP	44.80	44.80
Nedlloyd	54.80	55
Oce Grinten	57.60	N.Q.
Pakhoed	45.50	45.90
Philips	33.50	33.50
Robeco	100.10	100.60
Rodamco	58.60	58.20
Rolinco	100.60	101
Rorento	70.90	71
Royal Dutch	152.10	152.90
Unilever	165.10	165.70
Van Ommeren	40.40	40.30
VMF Stork	43	42.70
VNU	73.20	73.10
Wessanen	80.90	80.80
Wolters/Kluwer	59.50	59.60
CBS trend index: 89.30		
Previous: 89.40		
Frankfurt		
AEG	195	196.50
Allianz Hold	2023	2028
Altana	637	640
Asko	835	836
BASF	235.60	235.80
Bayer	290	290.50
Bay. Hypo bank	N.Q.	361
Bay Vereinsbk	394.30	394.40
BBC	N.Q.	—
BHF Bank	378	379
BMW	459.50	462.50
Commerzbank	247.80	250.30
Continental	215.80	214
Daimler Benz	680.50	686.10
Degussa	302	301
Dt Babcock	154.80	156.50
Deutsche Bank	648.90	650.50
Douglas	715	726
Dresdner Bank	347	348.50
Harpener	310	N.Q.
Henkel	540.50	544.50
Hochtief	1145	1150
Hoechst	228.50	229.40
Hoesch	258	260
Holzmann	1170	1175
Horten	189.50	188.80
IWKA	310	309
Kali Salz	159	161.50
Karstadt	613	615
Kaufhof	516	520
KHD	135	137.50
Kloeckner Werke	122	121.40
Krupp Stahl	142	140
Linde	748	751.50
Lufthansa	146	147.50
MAN	359	361.50
Mannesmann	257	258
Metallgesell	407.50	411
Muench Rueck	2175	2185
Nixdorf	221	221.10
PKI	N.Q.	550
Porsche	648	650
Preussag	339.20	339.90
PWA	218.20	222.70
RWE	386.50	386.80
Rheinmetall	N.Q.	328
Schering	810.50	810.10
SEL	400	403
Siemens	608.50	615.70
Thyssen	209.30	211.50
Varta	291	291.50
Veba	345	347
VEW	200.80	200.50
Viag	388	388.50
Volkswagen	326.60	334.50
Wella	609.80	608
DAX index: 1573.55		
Previous: 1582.86		
FAZ index: 649.11		
Previous: 652.73		
Helsinki		
Amer A	59	59
Enso-Gutzeit	19.20	18.50
K.O.P.	20.80	20.50
Kymmene	62.50	63
Metra	53	53.50
Nokia	77	76
Pohjola	70	70
Repola	43.50	43.80
HEX index: 828.80		
Previous: 834.50		
Hong Kong		
Bk East Asia	20.90	20.70
Cathay Pacific	9.85	9.75
Cavendish Int'l	3.60	3.63
Cheung Kong	19.50	19.60
China Light Pwr	21.10	21.10
Dairy Farm Int'l	9	9
Hang Lung Dev	7.90	8
Hang Seng Bank	35	34.75
Henderson Land	12.90	12.90
HK Air Eng.	16.70	16.70
HK China Gas	11.20	11.30
HK Electric	12.30	12.40
HK Land	8.65	8.70
HK Realty Trust	6.40	6.60
HK Shang Bank	32	32.25
HK Shang Hlls	4.58	4.60
HK Telecomm	7.60	7.55
HK Ferry	5.20	5.15
Hutch Whampoa	13.50	13.50
Hysan Dev	7.95	7.95
Jardine Math.	33	33.25
Jardine Str Hld	16.50	16.50
Kowloon Motor	7.40	7.35
Mandarin Orient	5.25	5.30
Miramar Hotel	5.85	5.85
New World Dev	11.50	11.40
SHK Props	23.70	23.80
Stelux	3.60	3.45
Swire Pac A	22.90	23
Tai Cheung Props	4.65	4.60
TVE	2.25	2.30
Wharf Hold	9.90	9.90
Wing On Co	6.75	6.80
Winsor Ind.	8.80	8.80
World Int'l	5.15	5.10
Hang Seng Index: 4037.82		
Previous: 4038.74		
Johannesburg		
AECI	10.80	11
Altech	90	90
Anglo Amer	121.75	121.75
Barlows	51.50	51.50
Blyvoor	5.75	5.75
Buffels	35.50	37
De Beers	94.25	94.75
Driefontein	36.75	37
Gencor	12.50	13
GFSA	70	70
Harmony	19.25	19.25
Highveld Steel	15.75	15.75
Kloof	31.75	31.75
Nedbank Grp	14.55	14.45
Randfontein	14	14.25
Rusplat	71.50	71.25
SA Brews	58.25	58.50
St Helena	22.75	22.75
Sasol	19.10	19.25
Welkom	16.25	16.50
Western Deep	114	116
Composite Stock Index: 3513		
Previous: 3524		
London		
Abbey Nat'l	2.79	2.74
Allied Lyons	5.95	5.98
Arjo Wiggins	2.70	2.67
Argyll Group	2.74	2.78
ASDA Group	0.42	0.41
Ass Brit Foods	4.53	4.58
BAA	4.38	4.43
BAe	3.57	3.59
Bank Scotland	1.17	1.15
Barclays	4.17	4.28
Bass	9.75	9.79
BAT	6.34	6.53
BET	2.27	2.24
BICC	3.50	3.52
Blue Circle	2.41	2.40
BOC Group	5.68	5.73
Boots	4.27	4.31
BP	3.28	3.27
Brit Airways	2.02	2.03
Brit Gas	2.61	2.61
Brit Steel	1.17	1.20
Brit Telecom	3.66	3.83
BTR	3.93	3.92
Cable Wire	5.57	5.60
Cadbury Sch	4.08	4.07
Comm Union	4.73	4.80
Courtaulds	4.69	4.77
Enterprise Oil	5.31	5.33
Eurotunnel	4.20	4.20
Fisons	4.59	4.55
Forte	2.68	2.67
GEC	1.87	1.88
Gen'l Acc	5.07	5.12
Glaxo	7.85	7.84
Grand Met	8.50	8.56
GRE	1.58	1.62
Guinness	5.22	5.26
GUS A	13.65	13.97
Hanson	2.11	2.14
Hawker Sidd	7.18	7.18
Hillsdown	1.96	1.96
ICI	12.57	12.68
Kingfisher	5.66	5.65
Ladbroke	2.49	2.55
Land Sec	5.02	4.98
Lasmo	3.16	3.19
Legal Gen Grp	3.65	3.77
Lloyds Bank	3.87	3.97
Lonrho	2.42	2.42
Lucas Ind	1.35	1.36
Marks Sp	2.88	2.91
Maxwell	1.40	1.43
MEPC	4.62	4.57
Midland Bk	2.35	2.40
Nat'l Power	1.54	1.55
NatWest	3.14	3.20
NthWst Water	3.66	3.69
Pearson	7.68	7.60
P & O	5	5.05
Pilkington	1.55	1.56
PowerGen	1.62	1.66
Prudential	2.33	2.34
Racal Elec	0.57	0.57
Rank Org	6.55	6.57
Reckitt Col	6.75	6.93
Redland	5.32	5.30
Reed Int'l	5.03	4.98
Reuters	9.70	9.65
RMC Group	5.83	5.80
Rolls Royce	1.36	1.40
Rothmans	11.18	11.22
Royal Ins	2.95	3.06
Royal Scot	1.73	1.78
RTZ	5.54	5.53
Sainsbury	3.47	3.37
Scot Newcas	3.90	3.89
Sears Holds	1.03	1.02
Severn Trent	3.30	3.37
Shell	5.07	5.08
Smith Nephew	1.33	1.33
SmithKline B	7.95	7.93
Sun Alliance	3.26	3.25
Tarmac	1.75	1.70
Tate & Lyle	3.81	3.82
Tesco	2.38	2.35
Thorn EMI	8.08	8.05
Trafalgar Hse	2.43	2.44
TSB Group	1.32	1.33
Ultramar	3.44	3.45
Unilever	7.95	8
Utd Biscuits	3.80	3.76
War Loan 3½	36.44	36.63
Wellcome	7.45	7.58
Whitbread	4.57	4.58
Williams Hdgs	3.29	3.31
Willis Corroon	2.98	3.01
F.T. 30 index: 1952.70		
Previous: 1962.30		
F.T.S.E. 100 index: 2549.50		
Previous: 2566.80		
Montreal		
Alcan Aluminum	23⅞	24
Bank Montreal	37⅜	37⅜
Bell Canada	45¼	45⅛
Bombardier A	26	25⅞
Bombardier B	25⅞	25¾
Cambior	10⅛	10⅞
Cascades	6⅛	6¼
Dominion Text A	7⅛	7
Donohue	12½	12¼
MacMillan Bl	18⅛	18
Natl Bk Canada	10⅜	11
Power Corp.	15	15
Provigo	11⅛	11⅝
Quebec Tel	16⅛	16⅛
Quebecor A	20⅛	21⅛
Quebecor B	20⅛	21⅛
Teleglobe	10	9⅞
Videotron	14¼	15⅛
Industrials Index: 1594.73		
Previous: 1605.53		
Sao Paulo		
Banco do Brasil	177	175
Bradesco	14.20	14.20
Brahma	92.50	94
Paranapanema	6.51	7
Petrobras	2600	2100
Vale Rio Doce	41.50	42.90
Varig	95	94
Bovespa index: 31160		
Previous: 32892		
Singapore		
Cerebos	2.51	2.49
City Dev.	3.58	3.48
DBS	11.90	11.60
Fraser Neave	8.50	8.45
Genting	6.40	6.45
Golden Hope Pl	1.25	1.19
Haw Par	2.51	2.46
Hume Industries	3.10	3.16
Inchcape	4.08	4.06
Keppel	7.40	7.45
KL Kepong	2.21	2.18
Lum Chang	1.01	1
Malayan Bankg	3.86	3.78
OCBC	8.85	8.80
OUB	4.52	4.54
OUE	7.50	7.45
Sembawang	7.40	7.30
Shangrila	5.55	5.50
Sime Darby	2.22	2.17
SIA	13.10	12.90
S'pore Land	5.40	5.35
S'pore Press	8.80	8.70
Sing Steamship	2.46	2.40
Straits Trading	2.59	2.60
UOB	6.40	6.40
UOL	1.45	1.43
Straits Times Ind.: 1416.52		
Previous: 1407.11		
Stockholm		
AGA	318	320
Asea	361	363
Astra -A	521	523
Atlas Copco	243	245
Electrolux B	261	260
Ericsson	164	165
Esselte-A	125	118
Handelsbanken	102	99
Norsk Hydro	164	166
Procordia AF	205	210
Providentia	88	95
Sandvik A	343	340
SCA-A	106	107
S-E. Banken	56	55
Skandia F	187	188
Skanska	147	145
SKF	102	102
Stora	265	265
Trelleborg B	96	97
Volvo	351	360
Affaersvaerlden: 1020.30		
Previous: 1021.90		
Sydney		
ANZ	4.21	4.16
BHP	15.28	15.04
Boral	3.60	3.63
Bougainville	0.72	0.71
Coles Myer	12.34	12.40
Comalco	3.42	3.42
CRA	13.60	13.50
CSR	5.13	5.07
Dunlop	5.72	5.74
Fosters Brew	1.73	1.73
ICI Australia	4.80	4.76
Magellan	2.30	2.30
MIM	2.31	2.30
Nat Aust Bank	7.98	8.02
News Corp	14.70	14.40
Nine Network	0.72	0.75
Nmndy Poseidon	1.18	1.19
N Broken Hill	2.56	2.55
QCT Resources	1.15	1.12
Santos	3.33	3.35
TNT	1.35	1.33
Western Mining	4.75	4.72
Westpac Banking	4.87	4.82
Woodside	4.35	4.36
All ordinaries index: 1684.00		
Previous: 1682.90		
Tokyo		
Akai Electr	1150	1150
Asahi Chemical	776	788
Asahi Glass	1290	1300
Bank of Tokyo	1550	1560
Bridgestone	1190	1160
Canon	1470	1470
Casio	1358	1350
C.Itoh	715	720
Dai Nippon Print	1560	1580
Daiwa House	2020	2060
Daiwa Securities	1340	1350
Fanuc	4400	4340
Fuji Bank	2850	2830
Fuji Photo	3080	3140
Fujitsu	944	945
Hitachi	1000	1020
Hitachi Cable	946	949
Honda	1530	1510
Ito Yokado	4800	4800
Japan Airlines	1100	1150
Kajima	1560	1570
Kansai Power	2930	2930
Kawasaki Steel	399	400
Kirin Brewery	1440	1460
Komatsu	844	849
Kubota	715	728
Kyocera	4960	4960
Matsu Elec Inds	1540	1560
Matsu Elec Wks	1490	1490
Mitsubishi Bk	2980	2940
Mitsubishi Kasei	556	575
Mitsubishi Elec	637	637
Mitsubishi Hev	730	726
Mitsubishi Corp	1360	1400
Mitsui and Co	840	845
Mitsukoshi	1250	1260
Mitsumi	1500	1550
NEC	1250	1290
NGK Insulators	1180	1180
Nikko Securities	960	969
Nippon Kogaku	983	996
Nippon Oil	1020	1010
Nippon Steel	408	409
Nippon Yusen	654	650
Nissan	701	704
Nomura Sec	1770	1800
NTT (SF)	8872	8872
Olympus Optical	1530	1520
Pioneer	3730	3750
Ricoh	656	670
Sanyo Elec	565	577
Sharp	1450	1440
Shimazu	755	756
Shinetsu Chem	1640	1660
Sony	5160	5240
Sumitomo Bk	2590	2550
Sumitomo Chem	495	499
Sumi Marine	967	969
Sumitomo Metal	419	422
Taisei Corp	931	940
Taisho Marine	1040	1030
Takeda Chem	1510	1540
TDK	5240	5200
Teijin	567	571
Tokyo Marine	1320	1350
Tokyo Elec Pw	3620	3600
Toppan Printing	1400	1400
Toray Ind.	670	676
Toshiba	674	680
Toyota	1600	1600
Yamaichi Sec	865	855
Nikkei 225: 25044		
Previous: 25222		
Topix Index: 1882		
Previous: 1887		
Toronto		
Abitibi Price	15⅛	15⅞
Agnico Eagle	4¼	4¼
Air Canada	8⅛	8⅛
Alberta Energy	13⅛	13⅞
Am Barrick Res	27⅞	28⅛
BCE	45⅛	45⅛
Bk Nova Scotia	19⅝	19⅞
BC Gas	15⅛	15⅞
BC Phone	20⅞	20⅝
BF Realty Hds	0.11	0.11
BP Canada	12	12
Bramalea	5½	5⅝
Brunswick	7⅛	7½
CAE	7	6⅞
Campeau	0.64	0.67
CIBC	31¼	30⅞
Canadian Pacific	18⅞	19⅛
Can Packers	16¼	17
Can Tire A	23⅝	23¼
Canadian Turbo	1.86	1.85
Cantor	24¼	23⅞
Cara	6	6
CCL Ind B	9⅞	10
Cineplex	3⅛	3.85
Cominco	23	22⅞
Conwest Expl A	11⅛	11⅛
Corona Intl	6½	6½
Denison Min B	0.23	0.20
Dickenson Min A	3.40	3.20
Dofasco	18⅞	18⅛
Dylex A	3.45	3.40
Echo Bay Mines	8⅛	9⅛
Equity Silver A	1.23	1¼
FCA Intl	4.80	4.65
Fed Ind A	8⅛	8⅛
Fletcher Chall A	16	16
FPI	7⅛	7
GoldCorp	3.40	3.40
Grafton Group	2.10	2¼
Gulf Cda Res	7⅛	7⅛
Hees Intl	16⅞	16⅞
Hemlo Gld Mines	10⅛	10⅛
Hollinger	12½	12⅛
Horsham	10½	10⅛
Hudson's Bay	32½	32½
Imasco	35⅛	35⅛
Inco	36⅛	37⅛
Interprov Pipe	31⅛	31
Jannock	17⅛	17⅛
Labatt	27	27⅛
Loblaw Co	19⅛	19⅛
Mackenzie	6½	6⅛
Magna Intl A	18⅛	18⅛
Maritime	20⅞	20⅞
Mark Res	6⅛	6⅞
MacLean Hunter	11	11
Molson A	30⅛	30⅛
Noma Ind A	6⅛	6⅛
Noranda Inc	18⅛	17⅛
Noranda Forest	8⅛	8
Norcen Energy	24⅞	24⅞
Nova Corp	7⅛	7⅛
Oshawa	24⅛	25
Pagurin A	5⅛	5⅛
Placer Dome	13⅛	13⅛
Poco Petroleum	8	7⅛
PWA Corp	6	6
Quebec Sturgeon	0.25	0.30
Rayrock	5⅛	6
Renaissance	14⅛	14⅛
Rogers B	13⅛	13⅛
Rothmans	73½	73½
Royal Bank Can	27⅛	27
Royal TrustCo	8⅞	8⅛
Sceptre Res	2.30	2⅛
Scott's Hosp	17⅝	18
Seagram	128½	127½
Sears Can	11	10⅞
Shell Can	44⅛	43⅛
Sherritt Gordon	7½	7⅛
SHL Systemhse	5⅞	6⅛
Southam	16⅛	16⅛
Spar Aerospace	15⅛	15⅛
Stelco A	6⅛	6⅛
Teck B	19⅛	19⅛
Thomson News	15½	15⅛
Toronto Domn	18⅛	18½
Torstar B	21⅞	22½
Transalta Util	13½	13½
TransCda Pipe	17⅛	17
Trilon Finl A	11⅛	12
Trimac	9⅛	9⅛
Trizec A	13	12⅞
Unicorp Energy	1.45	N.Q.
Woodward's Ltd	2⅛	2.35
TSE 300 Index: 3512.60		
Previous: 3515.80		
Zurich		
Adia Intl	750	800
Alusuisse	976	982
Leu Holdings	1760	1750
Brown Boveri	3960	4080
Ciba Geigy	3190	3240
CS Holding	1920	1915
Elektrow	2510	2480
Fischer	1000	1040
Interdiscount	2680	2680
Jelmoli	1680	1680
Landis Gyr	1090	1090
Moevenpick	3800	3750
Nestle	8420	8450
Oerlikon-B	300	331
Pargesa Hld	1160	1170
Roche Holding B	5350	5345
Safra Republic	78	78
Sandoz	2260	2270
Schindler	4040	4050
Sulzer	465	470
Surveillance	7740	7640
Swissair	672	680
SBC	301	299
Swiss Reinsur	480	484
Swiss Volksbank	1020	1025
Union Bank	3230	3230
Winterthur	3390	3420
Zurich Ins	1830	1820
SBS index: 606.80		
Previous: 609.46		

Markets Closed

Stock markets in Brussels, Madrid, Milan and Paris were closed Friday for a holiday.

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U.S. FUTURES

Via Associated Press Nov. 1

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum- dollars per bushel							
3.69¼	2.72½	Dec	3.64¾	3.65¾	3.63	3.64¾	+.01¾
3.70¾	2.79	Mar	3.62½	3.63¾	3.61¼	3.63	+.01¼
3.52½	2.80½	May	3.43½	3.45¼	3.43½	3.45	+.01¾
3.37½	2.79	Jul	3.24½	3.26½	3.24	3.25½	+.01
3.41	2.92	Sep	3.29½	3.31	3.29½	3.31	+.04
3.51	3.34	Dec	3.42	3.42	3.40	3.40	+.01
Est. Sales Prev. Sales 14,430							
Prev. Day Open Int. 63,071 off 679							
WHEAT (KCBT) 5,000 bu minimum- dollars per bushel							
		Dec	3.67	3.69¾	3.67	3.69	+ .02
		Mar	3.65½	3.68½	3.65½	3.67¾	+ .01¾
		May	3.49	3.50	3.48½	3.49½	+ .00½
		Jul	3.34	3.35¼	3.34	3.33¾	— .01¼
		Sep				3.38	
Est.Sales Prv.Sales 7,078 Prev.Day Open Int 42,375 Chg. —302							
CORN (CBT) 5,000 bu minimum- dollars per bushel							
2.75	2.20	Dec	2.51	2.55	2.51	2.54	+.03
2.77¼	2.28½	Mar	2.59½	2.62½	2.59½	2.62¼	+.03
2.79½	2.34¾	May	2.65¼	2.68	2.65¼	2.67¾	+.02¾
2.82	2.39½	Jul	2.68¾	2.71¼	2.68¾	2.71½	+.02¾
2.65	2.36½	Sep	2.59	2.61	2.59	2.60½	+.02½
2.60¾	2.36½	Dec	2.54¾	2.56	2.54¼	2.56	+.02
2.67½	2.60	Mar	2.63	2.63	2.62	2.63	+.01¾
Est. Sales Prev. Sales 42,937							
Prev. Day Open Int.262,737 up 318							
SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel							
6.74	5.17	Nov	5.60½	5.68	5.60½	5.67¾	+.09¼
6.59	5.27½	Jan	5.68	5.74	5.68	5.73½	+.06½
6.66	5.38	Mar	5.76	5.81½	5.76	5.81	+.06
6.68	5.47	May	5.85	5.88½	5.84½	5.87¾	+.04
6.48	5.62½	Jul	5.92½	5.95¾	5.91½	5.94¾	+.04
6.60	5.79	Aug	5.94	5.96	5.93	5.94	+.03
6.28	5.57	Sep	5.85	5.87½	5.84	5.84¼	+.00¾
6.20¾	5.52	Nov	5.85½	5.86	5.82½	5.84¼	+.00¼
5.97	5.92	Jan				5.94½	—.00½
Est. Sales Prev. Sales 54,596							
Prev. Day Open Int.112,456 off 731							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
198.50	160.00	Dec	184.20	186.20	184.20	185.90	+1.70
197.00	161.30	Jan	182.30	183.70	182.30	183.90	+1.70
197.00	163.50	Mar	180.30	181.40	180.30	181.20	+1.50
194.00	164.50	May	178.00	178.70	177.50	178.50	+1.40
196.00	166.00	Jul	177.50	178.20	177.30	178.00	+.60
188.50	172.30	Aug	177.50	178.00	177.20	177.20	+.20
186.00	172.00	Sep	177.50	177.80	176.80	177.10	—.40
194.00	184.50	Oct	186.30	187.00	186.30	187.00	+.80
196.00	185.50	Dec	187.50	188.00	187.00	187.70	+.50
Est. Sales Prev. Sales 21,331							
Prev. Day Open Int. 70,128 off 193							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
24.05	4.00	Dec	19.38	19.48	19.34	19.42	+.03
24.15	19.00	Jan	19.56	19.63	19.51	19.60	+.03
24.10	19.32	Mar	19.90	19.97	19.86	19.90	+.03
23.90	19.42	May	20.15	20.28	20.15	20.19	+.08
24.30	19.90	Jul	20.45	20.55	20.45	20.50	+.10
22.30	20.05	Aug				20.65	+.10
22.30	20.55	Sep				20.77	+.07
22.30	20.60	Oct	20.75	20.75	20.75	20.75	+.10
22.60	20.85	Dec	21.10	21.10	21.05	21.10	+.10
Est. Sales Prev. Sales 10,390							
Prev. Day Open Int. 61,883 off 639							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.- cents per lb.							
77.27	71.15	Dec	73.55	73.80	73.25	73.57	+.07
76.70	71.00	Feb	74.25	74.40	74.02	74.17	—.05
77.00	72.10	Apr	74.35	74.42	74.07	74.17	—.08
75.15	70.25	Jun	71.50	71.65	71.35	71.37	—.03
72.60	69.25	Aug	69.75	70.05	69.60	69.60	—.15
72.00	69.80	Oct	70.50	70.50	70.20	70.20	—.30
71.60	71.60	Dec	71.60	71.60	71.60	71.60	
Est. Sales 13,333 Prev. Sales 20,774							
Prev. Day Open Int. 69,053 up 1,850							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
88.10	80.90	Nov	84.35	84.67	83.85	84.07	—.20
87.80	80.80	Jan	84.05	84.20	83.00	83.30	—.62
87.10	80.27	Mar	82.25	82.30	81.05	81.15	—1.07
87.00	79.95	Apr	81.35	81.55	80.55	80.80	—.75
86.50	78.95	May	80.30	80.40	79.55	79.55	—.72
82.00	80.15	Aug	80.00	80.00	79.30	79.35	—.75
82.20	79.75	Sep	79.70	79.70	79.18	79.10	—.65
		Oct	79.50	79.50	79.00	79.00	
Est. Sales 2,127 Prev. Sales 2,519							
Prev. Day Open Int. 11,055 up 185							
HOGS (CME) 40,000 lbs.- cents per lb.							
48.92	41.50	Dec	41.75	41.77	41.22	41.27	—.45
48.25	41.60	Feb	42.35	42.60	42.17	42.37	—.03
46.62	40.20	Apr	40.50	40.72	40.40	40.57	+.10
50.60	49.22	Jun	45.40	45.40	45.20	45.32	—.03
48.20	45.35	Jul	45.47	45.60	45.40	45.40	—.05
46.85	44.00	Aug				44.20	
42.00	40.50	Oct	41.20	41.20	41.17	41.05	+.25
Est. Sales 4,182 Prev. Sales 4,736							
Prev. Day Open Int. 21,413 up 119							
PORK BELLIES (CME) 40,000 lbs.- cents per lb.							
63.00	47.25	Feb	41.70	42.07	41.10	41.27	—.20
61.00	41.10	Mar	41.70	41.90	41.00	41.17	—.23
58.20	42.30	May	42.85	42.85	41.90	42.42	—.18
57.00	42.92	Jul	43.30	43.30	43.30	43.32	—.23
51.00	40.95	Aug	42.00	42.80	41.90	41.60	+.08
Est. Sales 3,112 Prev. Sales 4,653							
Prev. Day Open Int. 12,906 up 86							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
116.00	78.90	Dec	79.50	79.80	77.95	78.80	—1.75
107.50	82.90	Mar	83.60	83.80	82.10	83.35	—1.25
108.00	85.40	May	86.40	86.40	85.00	85.60	—1.40
108.00	87.85	Jul	89.00	89.00	88.00	88.95	—1.20
108.00	90.50	Sep	91.80	91.80	90.75	91.65	—.85
107.25	93.90	Dec				94.00	—2.00
		Mar				97.50	—2.00
Est. Sales 11,637 Prev. Sales 9,871							
Prev. Day Open Int. 42,597 up 457							
SUGARWORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
10.14	7.56	Mar	8.95	9.00	8.90	8.95	—.03
9.77	7.65	May	8.86	8.89	8.80	8.84	—.05
9.16	7.80	Jul	8.84	8.85	8.77	8.81	—.05
9.06	7.93	Oct	8.82	8.84	8.77	8.83	
8.80	8.37	Mar				8.76	—.04
Est. Sales 7,738 Prev. Sales 8,260							
Prev. Day Open Int. 93,777 up 1,019							
COCOA (NYCSCE) 10 metric tons- $ per ton							
1535	953	Dec	1214	1219	1202	1204	—4
1538	997	Mar	1275	1281	1266	1266	—3
1388	1026	May	1306	1312	1300	1304	+4
1410	1056	Jul	1336	1336	1335	1331	—7
1425	1080	Sep				1361	—3
1460	1119	Dec	1400	1400	1400	1396	—7
1490	1272	Mar	1430	1430	1430	1430	—3
1450	1218	May				1455	
1453	1294	Jul				1480	+7
1485	1458	Sep	1505	1505	1498	1499	—1
Est. Sales 5,678 Prev. Sales 3,885							
Prev. Day Open Int. 32,523 off 177							
ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.							
169.25	111.00	Nov	165.20	168.50	165.00	167.00	+2.00
170.70	112.65	Jan	168.50	173.50	168.50	171.20	+2.70
170.55	113.60	Mar	168.70	173.00	168.50	171.65	+3.05
170.45	115.00	May	168.90	172.00	168.90	172.00	+3.20
169.20	115.25	Jul				170.70	+2.90
164.00	118.00	Sep	170.00	170.00	170.00	170.00	+2.95
160.00	118.00	Nov				159.85	+2.80
157.00	126.00	Jan				159.45	+2.80
		Mar				159.45	+2.80
Est. Sales 3,000 Prev. Sales 1,327							
Prev. Day Open Int. 10,768 off 254							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
HI GRADE COPPER (COMEX) 25,000 lbs.- cents per lb.							
108.40	95.10	Nov	106.50	106.60	106.50	106.55	+.15
108.50	94.50	Dec	106.35	106.80	106.15	106.65	+.05
106.60	95.00	Jan	105.40	105.60	105.40	105.60	—.20
105.70	95.00	Feb	105.00	105.00	105.00	104.95	+.15
105.50	93.90	Mar	104.10	104.40	103.80	104.25	+.15
103.00	93.50	Apr				103.70	+.15
106.20	93.30	May	103.00	103.00	103.00	103.15	+.30
102.00	95.10	Jun				102.70	+.30
103.80	92.80	Jul	102.20	102.40	102.20	102.30	+.30
100.25	98.70	Aug				101.90	+.25
103.45	92.80	Sep	101.00	101.75	101.00	101.55	+.25
101.10	91.60	Dec	100.00	100.65	100.00	100.55	+.25
98.00	2.50	Jan				100.00	+.25
100.50	92.80	Mar	99.20	99.65	99.10	99.50	+.10
98.20	93.70	May	99.30	99.30	99.30	99.05	+.10
97.60	96.80	Jul				98.70	+.10
		Sep				98.30	+.10
Est. Sales 4,500 Prev. Sales 7,123							
Prev. Day Open Int. 45,125 off 74							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
409.0	386.0	Nov				404.6	—4.4
623.5	374.0	Dec	410.5	414.0	405.5	406.3	—4.5
596.0	371.0	Jan				407.9	—4.6
613.0	382.0	Mar	417.5	420.0	412.0	412.2	—4.7
589.0	385.0	May	423.0	423.0	416.0	416.1	—4.8
557.0	395.0	Jul	427.5	427.5	425.0	419.8	—4.9
483.0	408.0	Sep	430.5	430.5	430.5	424.0	—5.0
507.0	408.0	Dec	438.5	438.5	431.0	430.3	—5.1
505.0	440.0	Jan				432.7	—5.1
513.8	429.0	Mar				437.1	—5.2
473.0	438.0	May				442.3	—5.3
470.5	439.0	Jul				447.2	—5.4
		Sep				452.2	—5.4
Est. Sales 15,000 Prev. Sales 10,261							
Prev. Day Open Int. 93,747 up 1,140							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
451.50	334.50	Jan	364.50	367.50	363.50	363.90	—1.60
438.50	339.50	Apr	369.00	370.50	369.00	367.30	—1.60
427.50	342.00	Jul	373.00	373.00	373.00	370.90	—1.60
404.00	356.50	Oct	380.00	380.00	380.00	377.70	—1.60
Est. Sales 1,266 Prev. Sales 644							
Prev. Day Open Int. 13,310 off 83							
PALLADIUM (NYME) 100 troy oz- dollars per oz							
114.50	78.00	Dec	86.75	87.00	86.25	86.55	+.05
135.75	80.30	Mar	87.50	87.50	87.00	87.40	+.05
101.75	83.50	Jun				88.20	+.05
Est. Sales 142 Prev. Sales 188							
Prev. Day Open Int. 3,857 off 52							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
368.00	346.80	Nov				355.60	—2.50
483.00	346.00	Dec	359.60	359.90	356.50	356.90	—2.60
		Jan				358.30	—2.60
456.50	349.80	Feb	361.90	362.30	359.00	359.50	—2.60
446.00	354.00	Apr	364.00	364.70	362.00	361.90	—2.70
467.00	355.00	Jun	367.00	367.00	367.00	364.40	—2.70
426.50	359.80	Aug				367.10	—2.80
410.80	364.20	Oct				369.80	—2.80
406.80	366.00	Dec				372.60	—3.00
404.20	378.00	Feb				375.50	—3.10
410.00	375.00	Apr				378.50	—3.10
411.80	376.40	Jun				381.70	—3.10
		Aug				385.10	—3.10
Est. Sales 35,000 Prev. Sales 17,452							
Prev. Day Open Int.100,311 up 1,562							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
95.27	72.24	Dec	95.24	95.33	95.24	95.28	+.04
95.41	93.42	Mar	95.40	95.48	95.40	95.44	+.05
95.25	93.15	Jun	95.25	95.31	95.25	95.28	+.04
94.98	93.87	Sep	95.01	95.06	95.01	95.02	+.05
94.50	93.98	Dec	94.55	94.55	94.50	94.55	+.05
Est. Sales 6,330 Prev. Sales 8,878							
Prev. Day Open Int. 54,090 off 1,835							
5 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
104.175	98.190	Dec	104.150	104.255	104.130	104.170	+.005
103.210	99.250	Mar	103.215	103.305	103.215	103.225	
Est. Sales Prev. Sales 14,244							
Prev. Day Open Int. 96,492 off 1,157							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
103-7	95-15	Dec	102-29	103-12	102-26	102-29	—2
102-15	95-6	Mar	102-17	102-18	102-4	102-4	—2
99-15	98-11	Jun				101-11	—3
100-22	100-21	Sep				100-20	—3
Est. Sales Prev. Sales 25,889							
Prev. Day Open Int. 90,426 up 811							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
100-18	85-19	Dec	99-28	100-17	99-14	99-18	—8
99-24	85-14	Mar	98-27	99-25	98-17	98-21	—9
98-28	85-3	Jun	97-28	98-16	97-23	97-23	—9
98-3	87-14	Sep	97-21	97-21	96-27	96-27	—9
97-13	85-6	Dec	96-22	96-22	96	96	—9
96-21	90-16	Mar				95-9	—9
95-31	90-22	Jun				94-20	—9
94-14	90	Sep				94-1	—9
94	93-31	Dec				93-16	—9
94-21	90	Mar				93	—9
Est. Sales Prev. Sales 226,724							
Prev. Day Open Int.288,585 off 3,537							
MUNICIPAL BONDS (CBT) $1000x index-pts & 32nds of 100 pct							
95-9	1-22	Dec	94-28	95-10	94-24	94-29	+1
94-18	88	Mar	94-11	94-17	94-10	94-5	—1
93-21	93-21	Jun				93-20	—7
Est. Sales Prev. Sales 1,824							
Prev. Day Open Int. 10,957 up 625							
EURODOLLARS (IMM) $1 million-pts of 100 pct.							
94.77	90.04	Dec	94.77	94.85	94.71	94.82	+.07
94.89	90.09	Mar	94.88	94.98	94.83	94.92	+.05
94.69	90.35	Jun	94.67	94.77	94.65	94.71	+.05
94.41	90.32	Sep	94.38	94.48	94.37	94.42	+.05
93.83	90.24	Dec	93.83	93.92	93.80	93.87	+.06
93.63	90.28	Mar	93.62	93.71	93.61	93.66	+.05
93.29	90.27	Jun	93.27	93.35	93.27	93.31	+.04
93.00	90.27	Sep	92.98	93.06	92.98	93.02	+.04
92.60	90.22	Dec	92.59	92.66	92.58	92.61	+.03
92.57	90.24	Mar	92.53	92.63	92.53	92.59	+.03
92.32	90.40	Jun	92.30	92.38	92.30	92.33	+.03
92.11	90.36	Sep	92.06	92.13	92.06	92.08	+.02
91.86	90.71	Dec	91.73	91.76	91.73	91.76	+.02
91.83	90.75	Mar	91.72	91.74	91.72	91.75	+.02
91.74	90.71	Jun	91.61	91.66	91.60	91.63	+.01
91.67	91.31	Sep	91.47	91.52	91.47	91.48	
Est. Sales245,766 Prev. Sales170,855							
Prev. Day Open Int.997,022 up 12,134							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.7900	1.5670	Dec	1.7316	1.7578	1.7316	1.7570	+284
1.7198	1.5670	Mar	1.7180	1.7270	1.7160	1.7356	+276
1.7024	1.6510	Jun				1.7160	+278
Est. Sales Prev. Sales 9,828							
Prev. Day Open Int. 24,630 up 516							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8877	.8175	Dec	.8864	.8902	.8886	.8898	+29
.8830	.8268	Mar	.8840	.8856	.8840	.8850	+29
.8788	.8330	Jun	.8814	.8820	.8807	.8808	+30
.8742	.8420	Sep	.8762	.8768	.8762	.8767	+31
.8697	.8520	Dec				.8729	+32
.8661	.8661	Mar				.8694	+33
Est. Sales Prev. Sales 3,601							
Prev. Day Open Int. 29,873 off 304							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.6770	.5365	Dec	.5966	.6058	.5966	.6054	+102
.5923	.5353	Mar	.5907	.5995	.5905	.5989	+99
.5868	.5722	Jun	.5860	.5930	.5855	.5927	+96
.5685	.5685	Sep				.5883	+105
Est. Sales Prev. Sales 44,766							
Prev. Day Open Int. 63,371 up 1,453							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.007730	.006997	Dec	.007659	.007700	.007636	.007697	+59
.007718	.007000	Mar	.007642	.007683	.007640	.007682	+59
.007705	.007150	Jun	.007640	.007640	.007640	.007673	+55
.007710	.007280	Sep				.007675	+52
.007700	.007512	Dec				.007623	
Est. Sales Prev. Sales 16,078							
Prev. Day Open Int. 68,782 off 493							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.8090	.6240	Dec	.6802	.6923	.6793	.6916	+130
.6995	.6267	Mar	.6754	.6865	.6754	.6862	+128
.6685	.6646	Jun				.6810	+124
Est. Sales Prev. Sales 14,531							
Prev. Day Open Int. 24,351 off 681							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
76.35	60.72	Dec	61.86	62.20	61.65	61.83	+.55
77.15	62.36	Mar	63.40	63.75	63.20	63.33	+.48
92.25	62.95	May	63.85	64.20	63.68	63.85	+.54
77.70	63.55	Jul	64.60	64.85	64.25	64.50	+.45
70.60	63.95	Oct	64.70	65.25	64.70	65.10	+.95
69.00	64.85	Dec	64.80	65.40	64.35	65.35	+1.05
67.20	65.75	Mar	66.50	66.60	66.35	66.60	+1.15
Est. Sales 8,000 Prev. Sales 8,160							
Prev. Day Open Int. 42,349 off 303							
HEATING OIL (NYME) 42,000 gal- cents per gal							
82.62	53.30	Dec	70.10	70.80	69.75	70.70	+.87
71.30	53.40	Jan	70.55	71.30	70.25	71.10	+.86
69.45	52.25	Feb	68.80	69.70	68.65	69.60	+.91
65.70	51.40	Mar	65.40	66.20	65.35	66.20	+.85
62.80	50.00	Apr	62.55	63.10	62.45	63.10	+.65
60.75	48.25	May	60.45	61.00	60.45	61.00	+.60
59.50	48.00	Jun	59.20	59.70	59.15	59.70	+.70
59.00	51.60	Jul	58.25	59.25	58.15	59.25	+.90
59.25	52.75	Aug	58.60	59.70	58.60	59.15	+.55
59.80	53.75	Sep	60.40	60.75	60.40	60.75	+1.15
60.65	56.50	Oct	61.40	61.40	61.40	61.40	+1.00
		Nov	62.60	62.60	62.60	62.60	+1.40
63.25	63.00	Dec	62.50	62.50	62.50	62.50	+.50
63.75	63.50	Jan	63.50	63.50	63.50	63.50	+1.30
Est. Sales 29,380 Prev. Sales 35,468							
Prev. Day Open Int.137,485 off 1,390							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
27.70	17.10	Dec	23.54	23.85	23.49	23.81	+.44
27.60	17.25	Jan	23.30	23.60	23.27	23.57	+.42
27.00	17.50	Feb	23.03	23.25	22.99	23.21	+.39
26.75	17.25	Mar	22.72	22.91	22.67	22.88	+.37
26.50	17.50	Apr	22.52	22.60	22.41	22.60	+.27
24.68	17.30	May	22.15	22.30	22.15	22.29	+.19
24.50	17.70	Jun	21.97	22.06	21.96	22.06	+.16
22.11	17.90	Jul	21.80	21.85	21.80	21.85	+.12
21.75	17.75	Aug	21.66	21.69	21.65	21.69	+.10
24.00	17.78	Sep	21.55	21.55	21.57	21.57	+.10
21.52	18.85	Oct	21.42	21.44	21.42	21.44	+.06
21.43	19.80	Nov	21.35	21.36	21.32	21.32	+.06
24.00	18.25	Dec	21.29	21.31	21.29	21.29	+.03
21.30	20.10	Jan	21.23	21.23	21.23	21.23	+.04
Est. Sales 94,085 Prev. Sales 56,500							
Prev. Day Open Int.290,964 up 955							
UNLEADED GASOLINE (NYME) 42,000 gal- cents per gal							
75.25	47.75	Dec	65.10	65.70	64.45	65.50	+.97
64.20	47.00	Jan	63.15	63.95	62.90	63.90	+1.11
64.10	50.70	Feb	63.05	63.80	63.00	63.80	+1.09
64.80	50.50	Mar	64.15	64.90	64.10	64.90	+1.15
68.60	57.30	Apr	68.00	68.35	68.00	68.30	+.75
66.50	58.00	Jun				66.10	+.35
65.25	58.60	Jul	65.05	65.50	65.05	65.50	+1.10
Est. Sales 18,775 Prev. Sales 26,289							
Prev. Day Open Int.100,606 off 2,353							

Stock Indexes

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
481.50	321.75	Dec	393.00	395.70	389.90	391.80	—1.50
403.30	379.95	Mar	395.15	396.95	392.10	393.90	—1.55
400.40	383.25	Jun	397.80	397.80	397.00	395.75	—1.70
398.70	388.50	Sep				397.95	—1.45
Est. Sales Prev. Sales 32,676							
Prev. Day Open Int.146,004 off 888							
NYSE COMP. INDEX (NYFE) points and cents							
219.70	175.50	Dec	216.80	218.30	215.15	216.35	—.65
220.35	207.20	Mar	217.40	219.20	217.35	217.25	—.65
219.00	208.90	Jun				218.40	—.65
220.50	217.50	Sep				219.55	—.65
Est. Sales Prev. Sales 3,288							
Prev. Day Open Int. 5,601 off 26							

Commodity Indexes

	Close	Previous
Moody's	990.80	990.30
Reuters	1,650.60	1,652.00
Dow Jones Futures	123.01	123.02
Comm. Research	218.34	218.14

BT's Lower Profit Is Too Much, Critics Say

Compiled by Our Staff From Dispatches

LONDON — British Telecommunications PLC said Friday that its profit declined slightly in the second quarter of its financial year and issued a bleak business outlook.

But the world's most profitable telephone company came under fire from all sides on Friday with calls for regulators to rein it in more tightly. Its results showed that it earned around £100 ($175) a second.

The opposition Labor Party accused BT of having a "license to print money" and government regulators indicated that price controls on BT would be tightened.

Pretax profit edged 0.8 percent lower, to £785 million ($1.36 billion) from £791 million in the year-earlier quarter, and revenue rose less than 1 percent. Revenue in the second quarter, which ended Sept. 30, totaled £3.29 billion, up from £3.27 billion a year earlier.

It was the first time since its partial privatization in 1984 that BT had reported a quarterly decline in pretax profit, not counting a fourth-quarter dip in 1990-91 caused by an exceptional restructuring charge.

Analysts, who had expected BT's profit to total £815 to £840 million for the quarter, were disappointed by the result.

The company chairman, Iain Vallance, said: "Competitive and regulatory pressures have increased and the economic environment in the U.K. remains subdued.

"These factors, including tighter price restraint, will depress near-term prospects in the absence of any significant growth in turnover."

While the quarterly profit was lower than forecast, BT reported a 5.1 percent rise in pretax profit in the first half of the financial year. It cited cost controls as the reason for the increase, to £1.61 billion.

Gordon Brown, the opposition Labor Party's trade and industry spokesman, called for an immediate price cut for "BT's long-suffering customers."

Earlier this year, BT agreed to limit its price increases to 6.25 percentage points below retail price inflation. U.K. inflation has declined to 4.1 percent in September from a high of 10.9 percent a year ago.

Mr. Vallance has been the target of criticism for a 12.5 percent increase in basic pay to £450,000 per year.

The government holds 48 percent of BT, half of which will be sold later this year.

Domestic telephone call revenues for the half year grew 2.5 percent to £2.59 billion. International call revenues declined marginally to £908 million.

Operating costs grew 2 percent to £4.86 billion for the half year. Staff costs were largely contained at £2.18 billion. *(Reuters, BBN)*

For Pan Am, the End of an Aviation Era

By Richard E. Smith
International Herald Tribune

FRANKFURT — Pan American World Airways gave up most of its worldwide network of flights Friday to Delta Air Lines in the largest transfer of international routes in aviation history.

Jets carrying Pan Am's logo of a blue globe left 29 cities in Asia and Europe on Friday to cross the Atlantic for the last time, nearly ending the airline's presence on the trans-Atlantic route that it pioneered in 1939.

The move lifts Delta to the rank of mega-carrier while Pan Am will shrink to a Miami-based carrier concentrating on Latin America.

The Atlanta-based Delta, which began as a crop-dusting airline, has flown routes to Germany and Amsterdam but will now add routes to a wide range of European and Asian destinations. Pan Am will continue flying between New York and London temporarily and plans to maintain a last trans-Atlantic route between Paris and Miami.

As part of the transfer, Delta has also acquired many Pan Am personnel. In the Frankfurt international airport complex, for example, nearly the entire former staff of 700 Pan Am people have begun to work for Delta.

"In the last 10 years, Pan Am has not had a profitable year and it was getting painful," said Ray MacIntyre, the airline's general manager in Frankfurt.

The 400 passengers on the last liftoff of Flight 73 to New York were serenaded by bands at a farewell party at Frankfurt international airport.

The pilot on Flight 73 took off but returned to dip his wings as a final salute to the airfield that Pan Am had once used during the Berlin airlift.

Pan Am long reigned as the premier U.S. flag carrier.

The airline, which had been the first to fly the 707 and the 747 among its many milestone achievements, was unable to adapt to the sweeping changes in the U.S. airline industry caused by deregulation. It filed for bankruptcy protection in January. Last year, Lufthansa took over Pan Am's routes within Germany to Berlin.

The other cities Pan Am is leaving are:

Athens, Helsinki, Istanbul, Lisbon, Rome and Milan, Nice, Oslo, Stockholm, Amsterdam, Berlin, Hamburg, Munich and Stuttgart, Brussels, Moscow, Tel Aviv, Zurich and Geneva, Bombay and Delhi, Bucharest, Budapest, Prague, Vienna and Warsaw.

Twenty-one of those cities will be new destinations for Delta.

South African-Soviet Airways Pact

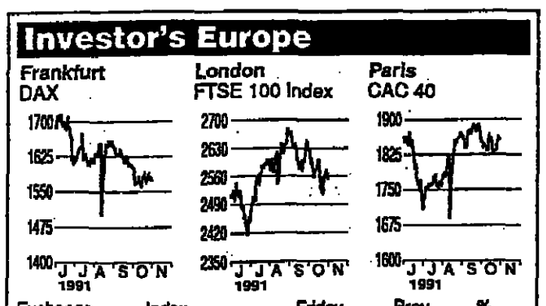
Agence France-Presse

JOHANNESBURG — South Africa and the Soviet Union have signed airways and harbor agreements that will strengthen growing economic ties between the two countries, South African authorities announced Friday.

The airways agreement, signed by Gert van der Veer, South African Airways' chief executive, and Michaele Sen, Aeroflot's regional commercial director for Africa, allows the two airlines to sell and honor each other's tickets. The pact is expected to lead to direct air links between Johannesburg and Moscow.

The other pact, an agreement between the South African harbors authority, Portnet, and the Soviet fishing industry, allows Soviet fishing fleets affiliated with the Soviet Fishing Industry Workers Union to use South African ports as a base for their operations.

Investor's Europe



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	CBS Trend	89.30	89.40	-0.11
Brussels	Stock Index	Closed	5,512.54	-
Frankfurt	DAX	1,573.55	1,582.06	-0.54
Frankfurt	FAZ	649.11	652.73	-0.55
Helsinki	HEX	828.30	836.50	-0.98
London	Financial Times 30	1,952.70	1,962.30	-0.49
London	FTSE 100	2,549.50	2,566.00	-0.64
Madrid	General Index	Closed	263.77	-
Milan	MIB	Closed	993.00	-
Paris	CAC 40	Closed	1,856.67	-
Stockholm	Affarsvarlden	1,020.30	1,021.90	-0.16
Vienna	Stock Index	Closed	423.64	-
Zurich	SBS	606.80	609.40	-0.43

Sources: Reuters, AFP International Herald Tribune

U.K.-Soviet Venture Loses Case on Film Piracy

Reuters

MOSCOW — A Soviet-British company preparing to release the film "The Russia House" in Moscow said Friday that its plans to screen more big Hollywood movies had been weakened by the loss of a lawsuit on Soviet video piracy.

The Soviet-British Creative Association said a Moscow court last week rejected its claim for damages over bootleg showings of the classic "Gone With the Wind," for which it had bought exclusive screening rights in the Soviet Union.

The court rejected the claim on the ground that there was no law protecting the right to distribute films in the Soviet Union, a spokesman for the association said.

John Raymond, the association's managing director, said the case had been closely watched by Hollywood film studios, most of which have banned sales of their movies to the Soviet Union in protest of video piracy.

"The film industry in the West has taken this very seriously," Mr. Raymond said, "and I think it is disappointing that the lawsuit has been thrown out.

"Certainly Hollywood was looking at this lawsuit to see what would happen."

He added that the association would appeal the ruling.

The Motion Picture Association of America imposed the ban on Soviet sales in June, demanding that Moscow enact a copyright law in line with international standards.

The association, a joint venture between Britain's Central Television and the Soviet cinema company, Goskino, said "Gone With the Wind" had been illicitly shown in theaters and on regional television. But in the past year, 10 million Soviet viewers had gone to see authorized screenings of the film starring Clark Gable and Vivien Leigh.

The SBCA plans to screen "The Russia House" — whose distribution rights are owned by the Soviet production company — throughout the Soviet Union. The film, starring Sean Connery and Michelle Pfeiffer, is based on a novel by John le Carré, the spy novelist whom Soviet authorities once branded a Cold Warrior and agent of imperialism.

Very briefly:

- **Mitsukoshi Ltd.** of Japan plans to change its financially troubled Cafe Mozart in Vienna into a boutique.
- **Dorog Coalmines** became Hungary's first private mine after 45 years of state control when **Hepta**, a private investment group, bought 54 percent.
- **Amstrad PLC** has sold its remaining 1.4 million shares in the U.S.-based **Micron Technology Inc.**, netting £13.6 million ($23.6 million).
- **MAI PLC**, a British financial services and media group, said its first quarter results were in line with expectations but it saw no sign of an economic upturn; it gave no details.
- **Volkswagen AG** predicted that the company's 1991 results would be in line with 1990 pretax profit of 2.39 billion Deutsche marks ($1.43 billion) but that production would jump by about 12 percent.
- A joint **European Community-Japanese** group assigned to find ways to improve cooperation is to meet in Tokyo on Nov. 6 for the first time.
- **Esselte AB** of Sweden, an office equipment company, reported a profit of about 450 million kronor ($75 million) on the sale of its pay-TV channel **FilmNet** to an investor group.
- Norway's investments in new offshore oil and gas platforms and pipelines will jump to a record 40 billion kroner ($6.1 billion) in 1992 from 33 billion this year, the Oil and Energy Ministry said.
- Hungary will change the basket of currencies it uses to calculate the forint's value so that the dollar and Ecu will each have a 50 percent weighting, the National Bank of Hungary said. *AFP, Reuters*

SCENE: *Today's Top Young Economists Are Grounded in the Real World*

(Continued from first finance page)

many of whom are high-wire mathematical geniuses and laissez-faire theorists at the universities of Chicago and Minnesota.

The previous generation tended to be proponents of rational expectations, a theory that holds that Washington's efforts to boost economic growth through fiscal or monetary policy are doomed to failure.

By contrast, the three young Cambridge, Massachusetts, economists are on terra firma. "Each one is someone who thinks economics is to be used in analyzing real-world problems and finding solutions," said Stanley Fischer, an economist at MIT.

The three share a strong desire to make models fit facts. Mr. Summers's articles are brimming with data and batteries of sophisticated statistical tests. Even Mr. Krugman's work, the most academic of the three, fits this reality-checking mode.

The standard view when Mr. Krugman came on the scene was that countries traded because they have different, more or less naturally endowed resources and tastes, that free trade was almost always ideal and that fixed exchange-rate systems were fatally flawed.

Mr. Krugman demonstrated that technology and the dominance of many industries by a few firms explained most trade between similarly endowed nations. He showed that countries could benefit by pursuing strategic trade policies, like import protection and export subsidies.

As dissatisfaction with floating exchange rates grew in the 1980s and governments took steps — like the European Monetary System — to reduce currency fluctuations, Mr. Krugman proved that currency target zones were inherently stable.

Mr. Sachs has preached the virtues of free markets to Bolivian union militants, the new leaders of the Russian Republic and even the pope.

While most of his colleagues were vacationing on Cape Cod last summer, Mr. Sachs was shuttling between Mongolia, which is privatizing the national herd of 24 million yaks; Slovenia, whose newly independent government is trying to create a capitalist economy with close ties to Western Europe; and Poland, where economic changes have prompted a backlash against the Solidarity government.

The Sachs philosophy rests on a set of interconnected convictions.

One is that, contrary to populist dogma, workers and entrepreneurs, not government, create prosperity. "Economists, spoiled by a bastardization of Keynes, often talk as if all you had to do is turn a dial marked 'economic growth.' "

Another conviction is that government's job is to create a framework for growth, namely stable prices, a convertible currency, private ownership and legally enforceable private contracts.

Fokker Plans Share Issue in 1992

Reuters

AMSTERDAM — Fokker NV said it is considering a share issue of up to 500 million guilders ($265 million) in the first half of 1992 — not this year as it had said last month.

The money will be used to produce new Fokker 70- and 130-seater planes, Fokker said in a statement. A company spokesman said the later timing was not prompted by the failure of a British Aerospace rights issue earlier this week.

Fokker said it would call on a revolving fund set up by the government for the development costs of the new planes.

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Britain

British Telecom

2nd Quar.	1991	1990
Pretax Net	785.00	791.20
1st Half	1991	1990
Pretax Net	1,610.	1,532.

Canada

Nova

3rd Quar.	1991	1990
Revenue	712.00	1,616.
Profit	(a)258.0	42.00
Per Share	—	0.12
9 Months	1991	1990
Revenue	2,340.	3,070.
Profit	(a)250.0	134.00
Per Share	—	0.40

a: loss.

Petro-Canada

3rd Quar.	1991	1990
Revenue	1,200.	1,400.
Profit	(a)85.00	50.00
9 Months	1991	1990
Profit	(a)234.0	78.00

a: loss.

United States

CBS

3rd Quar.	1991	1990
Revenue	625.60	661.90
Net Inc.	(a)169.1	43.50
Per Share	—	1.69
9 Months	1991	1990
Revenue	2,100.	2,340.
Net Inc.	(a)95.20	244.80
Per Share	—	10.36

a: loss

Continental Airlines

3rd Quar.	1991	1990
Revenue	1,488.	1,602.
Net Loss	19.70	88.30
9 Months	1991	1990
Revenue	4,170.	4,850.
Net Loss	310.10	97.00

Crown Central Pet.

3rd Quar.	1991	1990
Revenue	436.60	501.10
Net Inc.	1.62	2.28
Per Share	0.16	0.24
9 Months	1991	1990
Revenue	1,340.	1,450.
Net Inc.	4.04	18.70
Per Share	0.41	1.90

Hercules

3rd Quar.	1991	1990
Revenue	716.80	812.00
Net Inc.	34.50	29.50
Per Share	0.73	0.62
9 Months	1991	1990
Revenue	2,220.	2,380.
Net Inc.	40.80	93.40
Per Share	1.29	1.98

Household Int'l

3rd Quar.	1991	1990
Net Inc.	65.00	54.20
Per Share	1.45	1.36
9 Months	1991	1990
Net Inc.	183.70	162.50
Per Share	4.28	4.19

JWP

3rd Quar.	1991	1990
Revenue	944.70	744.60
Net Inc.	15.30	14.00
Per Share	0.39	0.42
9 Months	1991	1990
Revenue	2,430.	2,050.
Net Inc.	44.20	43.20
Per Share	1.15	1.14

Travelers

3rd Quar.	1991	1990
Net Inc.	65.00	(a)497.2
Per Share	0.60	—
9 Months	1991	1990
Net Inc.	246.00	(a)1386.0
Per Share	2.33	—

a: loss.

Tyco Laboratories

1st Quar.	1992	1991
Revenue	751.00	747.20
Net Inc.	21.40	36.00
Per Share	0.46	0.79

UAL

3rd Quar.	1991	1990
Revenue	3,230.	2,970.
Net Inc.	25.00	186.10
Per Share	1.05	4.87
9 Months	1991	1990
Revenue	9,720.	8,220.
Net Inc.	(a)79.30	218.00
Per Share	—	18.01

a: loss.

USX-Marathon Group

3rd Quar.	1991	1990
Revenue	3,490.	3,460.
Net Inc.	22.00	60.00
Per Share	0.08	0.21
9 Months	1991	1990
Revenue	10,400.	10,000.
Net Inc.	155.00	292.00
Per Share	0.60	1.10

Per share results after preferred dividends.

Warner-Lambert

3rd Quar.	1991	1990
Revenue	1,270.	1,170.
Net Inc.	143.00	124.00
Per Share	1.07	0.93
9 Months	1991	1990
Revenue	3,720.	3,440.
Net Inc.	427.00	372.50
Per Share	3.26	2.83

NASDAQ

Friday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

NYSE

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
6¼	4½	Thack			—	5	5¼	5¼	5¼	— ¼
11¼	6¾	ThaiCF	.28e	3.4	—	70	8¼	8⅛	8¼	— ⅛
22⅞	14⅝	Thai	1.89e	11.5	—	98	16⅜	16⅜	16⅜	+ ⅛
47⅞	22⅞	ThrmEl			23	946	42⅞	41½	42	+ ⅜
21¼	10⅞	Thiokl n	.36	1.8	7	205	19⅞	19⅝	19½	— ½
60⅞	43⅝	ThmBet	2.24	4.1	18	357	52⅞	51⅝	52	+ ⅜
14⅝	9⅝	Thmln	.76	7.4	22	241	10½	10¼	10⅜	— ⅛
16	7⅞	ThmAd	1.46	9.3	18	272u	16¼	15⅝	15¾	+ ¼
17⅝	6⅞	Thorind	.12	.7	140	148	17	15⅝	16⅝	+1
18½	11	Tidwtr			13	306	15½	15	15	— ⅜
57½	31⅝	Tifany	.28	.6	19	371	45	44½	44⅝	— ⅛
10½	5	TimbCo			15	220	8¾	8⅝	8⅝	
125	68⅝	TimeW	1.00	1.1	—	4632	91⅝	90¼	90⅝	— 1⅝
46⅝	31½	TmW pfC	4.38	9.6	—	940	46	45⅝	45⅝	— ⅛
50⅝	26½	TmW pfD	5.50	10.9	—	131	50⅝	50¼	50⅝	— ⅛
32⅞	21⅝	TmMir	1.08	3.7	26	1035	29⅝	28⅞	29	— ⅛
30	20	Timken	1.00	3.9	231	296	26	25⅝	25⅝	— ½
3⅞	1⅛	Titan			13	49	3	2⅞	3	
6⅞	4	Todds n			2	175	4⅞	4⅝	4⅝	+ ⅛
15⅝	9	Tokhem	.42i		—	134	9¾	9	9⅜	+ ⅜
28½	25⅞	TolEd pf	2.81	10.3	—	203	27⅜	27⅛	27½	— ⅛
25¾	20⅝	TolE adpf	2.22a	9.1	—	25	24⅜	24½	24⅝	— ⅛
26	21	TolEd pf	2.21	8.8	—	3	25	24⅞	25	+ ¼
8⅝	2⅞	TollBro			125	748	6⅝	6¼	6½	— ⅛
62	31	ToolRl	.26	.4	26	39u	62⅞	61⅝	62⅝	+ ½
58½	41⅝	Trchmk	1.60	3.0	12	2532	52¾	52⅛	52⅜	— ¼
88¼	72½	Trch pf	7.42e	8.4	—	3	88	88	88	+ ¼
20½	11	Toro	.48	3.0	19	658	15⅞	15⅝	15⅞	+1
25⅞	14½	Tosco	.60	2.4	5	744	24⅝	24½	24⅝	— ⅛
22⅝	20⅝	Total n			—	18423u	22⅞	22	22⅝	+ ⅜
33⅞	25	TotlSys	.28e	1.0	31	2	27⅜	27⅜	27⅜	+ ⅛
36	20½	ToyRU			26	16176	28¼	27⅝	27⅞	— ⅛
4⅝	2	Tramel	.51e	21.5	—	81	2⅝	2⅝	2⅝	
11	2	TWA pf			—	61	2⅝	2⅝	2⅝	+ ⅛
15⅝	13½	TrCda g	.72	4.7	—	225	15⅜	15⅛	15⅜	+ ⅛
5	1	Trnscap		a	—	18	1⅛	1	1⅛	
38⅝	25¼	Transm	2.00	5.5	14	680	37	36⅛	36⅝	— ⅜
26½	20⅝	Traninc	2.16	8.7	—	5	25	24⅝	24⅞	— ⅛
39⅝	20½	TrnstH	.28	.8	11	184	34⅝	34⅛	34⅜	+ ¼
40¼	16⅝	Transco	.60	3.1	—	2245	19⅞	19⅛	19½	+ ⅛
52	39⅝	Trnsc pf	4.75	10.4	—	361	46½	45⅝	45⅞	+1
3⅞	1⅛	TranEx			—	77	1⅝	1½	1½	
1	⅛	Transcn			—	199	⅛	⅛	⅛	
97½	92	TrGP pf	6.65	7.2	—	290	93	92½	92½	— ⅛
9¾	2½	TrRty n	1.13e	19.2	—	5	5⅞	5⅞	5⅞	
9⅝	5	TrnsTec			—	28	6⅝	6¼	6¼	— ⅛
25⅝	11½	Travler	1.60	8.0	6	5478	20	20	20⅛	— ⅛
11	6⅛	Tredgr n	.24	2.4	—	70	10⅛	9⅝	9⅞	— ⅛
25	10	Tremnt s	.80	4.4	—	59	18⅝	18⅛	18¼	
27⅞	20⅝	TriCon	2.40e	8.8	—	141	27⅞	27	27⅛	
34	28½	TriCn pf	2.50	7.4	—	1	34	34	34	+ ½
40⅝	32⅝	Tribune	.96	2.6	27	898	37⅝	37¼	37⅜	+ ⅛
23⅞	17	Trimas			14	13	19⅞	19	19	— ¼
30⅝	15½	Trinty	.80	2.6	25	1197u	31½	30⅝	31¼	+ ⅜
27½	14⅝	Trinova	.68	3.5	—	954	19⅝	19⅛	19½	+ ⅛
49⅝	4	TritEng			33	10021	45⅝	43⅝	44⅛	— ⅛
9⅝	6⅛	Tultex	.20	2.8	18	336	7⅛	7⅛	7⅛	— ⅛
13¼	6⅛	Turksh	.07e	1.1	—	161	7	6⅞	6⅞	— ⅛
10	3½	TucsEP			—	1067	4⅝	4⅛	4⅜	— ⅛
25	9	20Cnln s	.42	1.9	9	234	21⅝	21⅛	21⅝	+ ½
19⅞	13¾	TwinDs	.70	4.9	—	36	14¼	14⅛	14⅛	— ⅛
52⅛	30⅝	TycoLb	.36	1.1	15	3397	33⅝	32½	33	— ⅜
12½	10⅛	TylrCbl	1.26	10.7	—	1092	11⅝	11⅛	11⅝	
3⅜	2½	Tyler			—	250	2⅝	2⅝	2⅝	— ⅛
U-V										
161½	93⅝	UAL Co			—	2455	131⅝	129	129⅞	— 3½
15	5	UDC		1.3	—	194	9⅝	9⅜	9⅝	— ⅛
23½	11⅞	UDC pf		6.3	—	78	15½	14⅞	15	+ ½
22½	11⅜	UDC pf		6.1	—	65	15	14⅝	15	+ ⅜
20⅝	15⅝	UGI	1.24	6.2	22	178	20⅝	20⅛	20⅛	— ⅛
16⅞	6½	UJB Fn	.60	3.7	—	561	16⅝	15⅞	16⅛	+ ⅛
35⅝	24	UJB pf	3.51e	10.0	—	17	35⅝	35½	35⅛	— ⅛
5⅝	2⅜	UNCInc			13	161	5	4⅝	5	
70¼	35⅝	UNUM	1.04	1.5	12	563	69¼	68⅝	68⅝	+ ⅛
12½	2⅛	URS			—	3	8⅝	8⅝	8⅝	— ⅛
1	⅛	viUSHm			—	174	⅛	⅛	⅛	

AMEX

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
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(Continued From Back Page)

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Australia Will Speed Mining Projects

New Approach Entails a Shift From Labor Party's Pro-Aboriginal Stance

By Michael Richardson
International Herald Tribune

Faced with rising unemployment, the government of Prime Minister Bob Hawke is planning to remove obstacles to major resource projects in Australia. This will entail a shift away from the environmental and pro-Aboriginal policies his party has espoused.

Mr. Hawke, his grip on power threatened by political dissent and a slow recovery from recession, said on Friday that he would make a major economic statement soon dealing with Australia's unemployment rate, currently 10.2 percent of the work force.

Analysts said that the statement, which is expected to be made in Parliament in the next couple of weeks, will announce measures to accelerate approval of major investments in mining and industrial projects that are being delayed by red tape and objections from environmental and Aboriginal lobby groups.

Analysts said that the increasingly sympathetic hearing being given by the government to complaints from the business community marks a clear shift in the governing Australian Labor Party away from an alignment with Aboriginal and conservation groups that have frequently opposed new mining projects.

Projects worth more than 9 billion Australian dollars ($7 billion) are stalled, according to a recent survey by business economists.

The Labor government, which must call a general election by May 1993, is coming under intense pressure from labor unions to create more jobs by putting these projects on a "fast track" and lowering interest rates.

Martin Ferguson, president of the Australian Council of Trade Unions, said this week that the government must do more to promote economic growth and "help the private sector, from mining to manufacturing."

John Kerin, the Australian treasurer, said recently that the government would soon consider relaxing foreign investment restrictions on mining. He did not elaborate. But under present regulations, mining projects worth over 10 million dollars must have at least 50 percent Australian equity and control.

Sales of iron ore, bauxite, gold and other minerals account for about half Australia's export income and are critical in helping pay down the country's net foreign debt of $102 billion.

A survey by the Australian Mining Industry Council found that about 26 percent of the land surface of Australia is either closed or restricted for mineral exploration and mining.

More than 15 percent of the land — much of it in remote areas of northern Australia where mining companies are active — is under the control of Aborigines, who make up less than 2 percent of the population of 17 million.

Mr. Ferguson of the labor union council said recently that the environmental lobby had too much influence over government and was jeopardizing valuable investment projects.

Ian Gould, group executive in charge of exploration for CRA Ltd., said that overlapping federal and state laws, and unreasonable demands from Aboriginal and environmental interests, were causing costly delays and uncertainties for mining ventures.

He said that CRA had been trying for nine months to get final clearance from the state government to proceed with a new iron mine at Marandoo in Western Australia.

A small group of Aborigines, invoking the terms of Aboriginal heritage legislation, has raised persistent objections to the 500 million dollar project, which CRA says will create 4,000 jobs.

The Aborigines assert that that the project will damage their sacred sites. Similar claims elsewhere in Australia are delaying or threatening to cancel other resource projects.

On Nov. 18, the Supreme Court of Western Australia will hear claims by two aboriginal groups that oppose the start of mining on a huge nickel-cobalt deposit at Yakabindie, 670 kilometers (415 miles) northeast of Perth.

Dominion Mining Ltd., the Australian company that owns the deposit, says that at full production the Yakabindie mine would supply 3 percent of the Western world's nickel and cobalt and earn about 250 million dollars a year in export income.

Japan's Surplus Soars As Imports Post Drop

Reuters

TOKYO — Japan's runaway current-account surplus continued to gain steam in September, nearly *doubling from the same month a* year ago as imports slumped.

The nation's unadjusted current-account surplus widened to $8.83 billion from $4.63 billion a year earlier, the Ministry of Finance said Friday.

"The surplus is going to continue to grow, but not because of exports," said Paul Summerville, economist at Jardine Fleming Securities Ltd. in Tokyo. "We are seeing a collapse of import growth."

The merchandise trade surplus was largely responsible for the gain, climbing to $10.95 billion *from $7.77 billion in September* 1990, with economists laying the blame squarely on weak import growth.

Imports sagged to $16.04 billion for the month against $17.39 in September 1990.

While softer economic conditions have stunted demand for luxury goods such as European automobiles and art work, several one-time factors weighed heavily on the data.

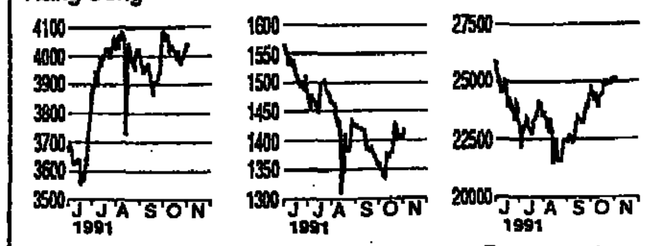
In September 1990, oil prices climbed during the Gulf crisis and gold imports were unusually high because many securities houses had set up gold-investment funds.

Kazuko Mizuno, economist at Baring Securities (Japan) Ltd., said that as much as 90 percent of the weakness in imports could be attributed to distortions of a year ago.

As the full impact of Japan's slowing economy continues to feed through into the trade figures, however, imports will remain on weak *footing, Mr. Mizuno added.*

On the other side of the trade equation, recent robust exports, which have drawn criticism from Japan's trading partners, climbed to $26.99 billion from $25.16 billion a year earlier.

Investor's Asia



Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	4,037.82	4,038.74	-0.02
Singapore	Straits Times	1,416.52	1,407.11	+0.67
Sydney	All Ordinaries	1,684.30	1,682.90	+0.08
Tokyo	Nikkei 225	25,044.24	25,222.28	-0.71
Kuala Lumpur	Composite	537.03	531.40	+1.06
Bangkok	SET	641.81	638.84	+0.46
Seoul	Composite Stock	689.32	695.94	-0.95
Taipei	Weighted Price	4,332.58	4,389.86	-1.30
Manila	Composite	Closed	1,025.30	-
Jakarta	Stock Index	226.96	226.68	+0.12
New Zealand	NZSE-40	1,534.33	1,544.94	-0.69
Bombay	National Index	896.33	888.39	+0.89

Sources: Reuters, AFP — International Herald Tribune

Mitsubishi Motors Profit Off Slightly

Reuters

TOKYO — Mitsubishi Motors Corp. reported Friday that its parent current profit had fallen 3.9 percent in the first half of its financial year to 25.1 billion yen ($193 million), but strong new models helped the automaker outperform its rivals in Japan's slumping market.

Mitsubishi's revenue in the six-month period through Sept. 30 rose 14.9 percent from a year earlier to 1.22 trillion yen. "It's a strong and impressive performance compared with the rest of Japan's auto industry," an analyst at S.G. Warburg Securities Japan Inc. said.

Despite the new models, said Mitsubishi's managing director, Kazuo Sekino, profit was below year-earlier levels because of high depreciation and labor costs. Still, he said, the company should be able to achieve its current-profit goal of 50.5 billion yen for 1991-92, up slightly from 1990-91.

Jakarta Approves Currency Brokers

Agence France-Presse

JAKARTA — Indonesia has allowed 10 companies, including seven foreign joint ventures, to operate as the country's first money brokers, the semi-official Antara news agency said here Friday.

The central bank managing director, Hendrobudiyanto, said that the companies, which the authorities selected out of 33 applicants, would start operations in July, the news agency reported. The foreign partners are from Singapore, Britain, Japan, Germany and South Korea.

Very briefly:

- **Mitsui Mining**, Japan's biggest coal mining company, posted a 28.8 percent fall in current profit to 11.81 billion yen ($90 million) in the six months ended Sept. 30, on sales of 134 billion yen, down 1.8 percent.
- **Coca-Cola Amatil** of Hong Kong and **Pan Java Group** of Indonesia formed a joint venture to manufacture and sell trademarked beverages from three bottling plants in Sumatra and Java.
- **Matsushita Refrigerator Co.**, a Japanese refrigerator maker, reported current profit down 22 percent to 5.03 billion yen for the six months ended Sept. 30 although sales rose 3 percent to 112.29 billion yen.
- **Malaysia** forecast economic growth of 8.6 percent this year and 8.5 percent in 1992, with 4.5 percent inflation this year and 5 percent in 1992.
- **Dai-Ichi Kangyo Bank Ltd.**, the world's largest bank, reduced its *forecast of consolidated income for the year ending March 31, from* 5.4 trillion yen to 4.5 trillion yen because of a decline in interest rates.
- **Vietnam** reported rice production of 4 million metric tons in its northern region, up 14 percent from 1990, but the bulk of the country's production, in the south, has been hampered by floods.
- **New Zealand** plans trials for six executives of the failed **Equiticorp** investment group — including the founder, Allan Hawkins — and a lawyer on charges of fraud and conspiracy involving diversion of funds.
- **The International Monetary Fund** said it would lend **India** $2.26 billion to help its 4-month-old government cope with one of the country's worst financial crises.

BBN, Reuters, AFP, IHT

Accord Reached on Hong Kong Exchange Rules

By Laurence Zuckerman
International Herald Tribune

HONG KONG — The stock exchange and government regulators agreed Friday on new rules for operating the exchange, ending a four-year feud and setting the stage for a new era of cooperation.

The agreement allows a plan adopted by exchange members on Wednesday to supersede a more onerous reform package devised by regulators. It also assures that the revisions will be in place when the exchange chooses its new governing council in December.

Regulators refused to recognize Wednesday's vote after a judge ruled that the exchange had given members 20 instead of the 21 days' notice.

On Friday, executives of the exchange and the colony's Securities and Futures Commission said they would ask the colony's Executive Council, which is led by the governor, to implement the voluntary plan. Regulators said they were confident the Executive Council would approve the agreement.

"One would assume that with the exchange and the commission cooperating they would help us resolve this situation," said Wesley McDade, the commission's spokesman.

Friday's announcement ends a dispute that dates back to the 1987 global stock market plunge, when the exchange closed its doors for four days and then lost a third of its value.

A government review commission condemned the exchange for being run like a private club and recommended sweeping changes to bring it up to international standards.

The exchange's chairman, Ronald Li, was subsequently convicted of eliciting bribes.

Under the new agreement, the exchange will ask the colony to pass legislation restricting the use of proxies in council elections and giving the exchange a statutory mandate to act in the public interest rather than in the interests of its 680 members.

The exchange will also be restricted from paying dividends to members and its governing council will be increased from 22 to 31 members representing a wide variety of market users.

In addition, the exchange will offer $42,000 for each member's seat, in a bid to get dozens of inactive members to leave the exchange.

Finally, the exchange and the Securities and Futures Commission will sign a memorandum of understanding outlining the responsibilities of each in the hope of avoiding any future conflicts.

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INTERNATIONAL FUNDS — Oct. 31, 1991

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[illegible]

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International Herald Tribune

Saturday-Sunday, November 2-3, 1991
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THE MONEY REPORT

FIRST COLUMN

Investing To Halt Rise Of Inflation

REMEMBER Reaganomics? The name is unforgettable, even if many of the policies are considerably more difficult to recall. But the era of technical labels, which brought us the Trickle Down Effect and the Supply Sider, did have one simple objective with which every retail consumer could identify: Prices were to be kept low.

Just how successful the Reagan administration was in controling inflation in its various forms is a matter for the economic historians to decide. But they may like to note that the governments of the U.S. and the U.K., when Thatcherism was in vogue, chose to set themselves moving targets: The money supply measures that were supposed to be kept in check by high interest rates, thus sweating inflation out of the system, were frequently changed.

When a broader or narrower measure of money moved in an inconvenient way it was all too easy to feed the economics journalists a line that the really smart thinkers were paying attention to another kind of monetary measure — which often just happened to have moved in an appropriate way. Thus inflation became the brother of invention.

Hand in hand with the concern for price control came — slightly later — the launch of inflation-proofed investments.

In the U.K., for example, government investments linked to store prices were launched at almost exactly the time that inflation began to fall and alternative investment media, notably those linked to the stock market, began to boom.

Federal Reserve Chairman Alan Greenspan's comments this week that the U.S. economy was growing too slowly fueled speculation of a cut in interest rates. Stocks surged.

But cheaper money and the end of the credit crunch will inject a little inflation back into the system. Will high inflation — the dread enemy of Reaganomics — return?

Probably not. Mr Greenspan, for one, seems determined not to let that happen. The sure sign will be if there is a flurry of inflation-proofed bond launches from institutions confident that, even if small investors can't, they at least can beat inflation.

M.B.

Thinking Small in Stocks Around the World

By John J. Duffy

FOR investors seeking above-average performance in the world's major equity markets this year, it has paid to think small.

In the United States, small company stocks have emerged from a nearly seven-year slump to become this year's hottest stock market investment. The trend has become something of a global phenomenon, as small company stocks have also set the pace in equity markets in Canada, Britain, Japan and elsewhere.

Experts say small company stocks are now enjoying a revival precisely because they have been so out of favor in recent years.

"We have seen a natural snapback because smaller companies have been so oversold," said Richard Freeman, manager of the Shearson Small Capitalization Fund, which has risen by 56 percent this year.

"Generally, small company stocks don't come back until about three years after the market makes a major crash bottom." Mr. Freeman said. "This is because investors get hurt so severely in a market crash that they swear off small company issues." Mr. Freeman added. "It takes a long time for that to change."

With the previous global market crash coming in October 1987, small company stocks began parking up right on schedule in late 1990 and have continued to steam ahead in 1991.

According to Micropal, a London-based financial data company, U.S. mutual funds specializing in smaller companies have risen by about 35 percent so far this year, compared with a roughly 23 percent gain in the overall U.S. equity market.

In Britain, small company funds are up about 14 percent this year, compared with a 7 percent gain in the broad U.K. equity market. Funds that specialize in Japanese small companies, meanwhile, have shot ahead by 27 percent this year, defying a modest decline Japanese equity market, according to Micropal.

Although circumstances differ between markets, analysts say one reason small companies stocks continue to be popular with investors is that they are still so cheap. In the U.S. market, small companies as measured by the 1,700-stock Value Line index continue to trade at a 37 percent discount to the larger companies included in the Standard & Poor's 500 stock index, according to Shearson Lehman's Mr. Freeman.

In Britain, the average U.K. small company stock traces at a price around 11½ times its earnings, considerably cheaper than the 14½ price/earning multiple for the British stock market overall, according to Jason Streets, a fund manager at Kleinwort Benson Group PLC in London.

As in the United States, British small company stocks are emerging from a long period of sluggish performance. Mr. Streets estimates that small company stocks in Britain underperformed the broad market by about 85 percent in 1989 and 1990.

"Small companies are tied much more to the fate of the U.K. economy than larger companies because they have little overseas earnings," Mr. Streets said. "But looking forward, I think we can expect a quite reasonable outperformance (from small company stocks) over the next 12 months or so," he said.

The Kleinwort Benson Small Company Dividend unit trust is already well ahead of the broad British stock market averages, posting a nearly 25 percent gain over the past 12 months.

In Japan, small company stocks have formed a kind of "second wave" that have taken over the market leadership as large capitalization stocks have run out of steam, said Geoffrey Dennis, an international economist at James Capel and Co.

"The large cap stocks were the ones that did very well as the Japanese market was on the way up," said Mr. Dennis. As the Tokyo stock market has stumbled and Japan's economy has slowed, "the smaller cap stocks have taken over."

In most major markets the emergence of small company stocks "has been a function of the fact that large companies have overperformed relative to their earnings," agreed A. Michael Lipper, president of Lipper Analytical Securities Corp. in New York.

"As markets continue to grow and churn, investors tend to seek out secondary issues with more reasonable prices and better growth potential," Mr. Lipper said.

Experts say that while it is still possible to hit the jackpot in the market for small stocks, placing bets on just one or two companies in the hopes of finding another Apple Computer or Coca-Cola is actually extremely dangerous.

Even with careful attention to a company's management and previous performance, many small stock investments will turn out to be duds. The hope is that one or two winners in a diversified portfolio of smaller stocks will make up for all the losers.

Analysts cite a number of rules that small stock investors should follow in order to minimize their risk.

The first is, obviously, to but a basket of stocks rather than just one or two. An easy way to avoid the headaches of which stocks to select is to buy a fund, of which there are now many that specialize in small stocks in different national markets.

In buying small stock funds the usual rules apply: Look for steady performance over at least a long period and avoid funds with heavy management fees and sales charges.

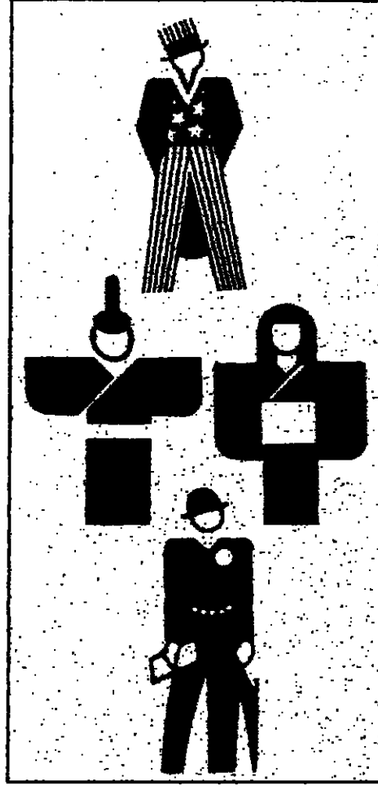
Top performing small company funds include the MOntgomery Small Cap fund in the United States, up 98 percent in the last 10 months; the BG British Growth unit trust in Britain, up 40 percent in the same period; and the Morgan Grenfell Japan Smaller Companies fund, up about 60 percent.

For those investors intent on picking their own small stocks, experts recomend that investors:

Buy companies that have produced profits for at least three years. Buying companies without a track record is something akin to throwing dice, analysts say.

Buy companies that are reasonably priced in terms of P/S multiples. Different national markets have different standards on what constitutes a reasonable P/S. When in doubt, consult a broker.

Bail out at the first sign of trouble. Hanging in and waiting for a small company to recover from a management misstep or a faulty product can turn a bad investment into a disaster.



Smaller Company Funds

Leading mutual funds investing in U.S., British and Japanese smaller companies. Value of $100, income reinvested, excluding charges.

U.S.

Over one year to Oct. 11, 1991		Over three years to Oct. 11, 1991		Over five years to Oct. 11, 1991	
Fund	Performance	Fund	Performance	Fund	Performance
Montgomery Small Cap	193.06	Alger Sm-Capitalization	230.68	Hartwell Emerging	271.29
Oberweis Emerging	188.14	Robertson Stephens Emerg	222.11	Oppenheimer Disc	235.99
MFS Lifetime Emerging	185.35	Hartwell Emerging	198.93	Janus Venture Fund	231.49
John Hancock Spl Equities	178.45	Westcore Midco	198.82	Sit New Beginning	225.16
Prudent Speculator Leverg	176.98	Oberweis Emerging	194.71	Westcore Midco	216.72
Kaufmann Fund	174.24	MFS Lifetime Emerg	191.38	Fidelity OTC Portfolio	214.33
United New Concepts	173.28	Kaufmann Fund	190.08	Kaufmann Fund	214.07
Shearson Small Cap	170.88	John Hancock Spl Equities	186.17	Scudder Devel	206.00
Cigna Aggressive	169.56	Founders Frontier Fund	185.03	Legg Mason Sp. Invest	193.80
Morgan Stanley Emerg	166.87	Janus Venture Fund	183.64	A-C Emerging	193.77
Japan					
Morgan Grenfell Jap. SC	160.41	Morgan Grenfell Jap. SC	322.39	Morgan Grenfell Jap. SC	449.99
Henderson HF Jap. SC	155.11	Royal Life/Hend Jap. SC	232.76	Finsbere Jap. SC Life	321.54
Ivory & Sime Atlas Jap. SC	150.94	Finsbere Jap. SC Life	216.13	Henderson HF Jap. SC	313.67
GT Japan OTC Stock	128.82	Henderson HF Jap. SC	200.75	JF Japan SC	261.06
Royal Life/Hend Jap. SC	128.05	JF Japan SC	187.59	Hambros EQUUS Jap. Emrgr	241.92
Finsbere Jap SC Life	125.62	GT Japan SC	159.96	GT Japan SC	231.18
Hambros Japanese GTC	125.53	Hambros EQUUS Jap Emrgr	143.46		
Nihonbashi Fund	123.80	Ivory & Sime Atlas Jap. SC	115.09		
Genesis Japan Emerg	121.44	Nihonbashi Fund	74.97		
Hambros EQUUS Jap	120.81				
Britain					
BG British SC*	145.30	Thornton UK SC	149.19	Govett UK SC	242.78
BG UK Fund	138.57	Royal Life-UK Emerging	139.00	Buckmaster SC	239.09
EPM Capital	135.71	Capital House SC	134.39	Temple Bar Unlisted Secs	224.53
CCF Sel UK SC	135.54	Holborn SC	121.10	M&G SC	215.34
Capital House SC	133.57	M&G SC	120.74	AEtna SC Dividend	214.83
AEtna SC Dividend	133.05	Govett UK SC	120.72	Granville SC	208.61
Norwich UK SC	125.53	Granville SC	118.89	Discretionary Unit	206.36
AEtna SC	125.36	Buckmaster SC	118.36	Old Court SC UK	205.43
AEgis SC	124.78	Old Court UK SC	115.51	S&P SC Income	200.16
Kleinwort Benson SC	124.49	Key SC	114.21	New Court SC UK	197.80

SC: Smaller Companies*

Source: Micropal

Wealthy See Gain in Debt Management

By Rupert Bruce

STARTLED by high interest rates around the world, the wealthy are increasingly concentrating on managing their debts as well as their assets. This varies from cheap foreign currency loans at its simplest to complicated arbitrage strategies between major currencies and exotic investment vehicles.

In all cases the objective is to save money on the debt, make money on the asset it has been used to buy, or do both. Both the yields and the capital values of each side of the equation are taken into account.

The sums of money that can be made are large, but the risks can also be great. It is a long-term game for those with deep pockets and a strong stomach.

The British fund manager Guinness Flight was approached to manage foreign currency mortgages, but decided not to. Philip Saunders, a director of the bond team, said: "We tended to conclude that it was too fraught to manage someone's debts. If you get it wrong in terms of somebody's liability management, it means that somebody's debts are greater. It means you have to get it right fairly consistently. People have a fairly low pain threshold."

Shearson Lehman brothers Inc. is one of the most aggressive and sophisticated players in debt management. It looks after $90 billion of private client money worldwide and it is concentrating increasingly on this area as people grow richer.

Francis Sherry IV, a director of international private clients with Lehman Brothers International, said: "What we are in the business of doing is managing somebody's wealth. We are managing your wealth properly, looking at both your assets and liabilities. We are saying that you can manage the loans that you have against your assets."

The Wall Street firm is currently putting the finishing touches on a system that will take account of a client's appetite for risk and analyze an investment strategy accordingly. For example, a client might want to borrow money in dollars to invest in one of the firm's two high-yielding Mexican funds.

But in order to merit Shearson Lehman's attention you must have at least $1 million in liquid assets. The minimum loan the firm will make for investment in $150,000.

While Shearson Lehman is at the forefront of his business, it is not a new concept. In the 1980s, private bankers were very keen to lend money in the belief that "a debt relationship is the longest relationship." Most private banks would be willing to offer the same facilities as Shearson if asked, but few actually suggest such a variety of strategies.

Foreign currency mortgages have become quite popular in the high interest rate economies on the fringes of Europe like Britain and Italy. Homeowners have been motivated by a wish to reduce their monthly mortgage payments.

The British Kleinwort Benson Private Bank — which is much more conservative than its American rival — has marketed foreign currency mortgage facilities since 1989 and is planning more extensive liability management services.

Its foreign currency mortgage facility allows debt to be switched between different currencies with the aim of shrinking the debt and keeping interest payments down. Clients can either manage the mortgage themselves or have it managed by a third party.

Stephan Renals, an assistant director said: "We have a lot of American investment bankers as customers who are in the foreign exchange business and provide the management. It scares us to death when they ring because they know it inside out, whereas all we do is provide the money."

Those who are less familiar with the foreign exchange markets get their debt managed by a currency manager. The British ECU Group manages £110 million in foreign currency mortgages. Their performance over the three years since they were set up illustrates both the successes and dangers of debt management.

A £100,000 foreign currency mortgage managed by the ECU group since its foundation in November 1988 would now be worth about £84,000 and would have saved the holder roughly £23,000 in interest charges. But someone who took out a mortgage of roughly £92,000 in May 1989 would have been more than a little shocked one month later to find out he now owed £100,000.

And while the currency adviser's three-year record is good, it is wise to remember that it has been flattered by a strong pound over this time.

In order to ensure that only people who understand the risks of its mortgage get involved, Kleinwort Benson has reasonably testing requirements. A client can only borrow up to 60 percent of the value of his home for a start and the minimum loan since is £100,000.

If Kleinwort does market a liability management service next year, it will be asking its existing mortgage holders whether they want to extend their existing foreign debts.

But the country where liability management is most common is Italy. the Istituto Bancario San Paolo di Torino boasts that about 30 percent of its new mortgage lending is in Ecus.

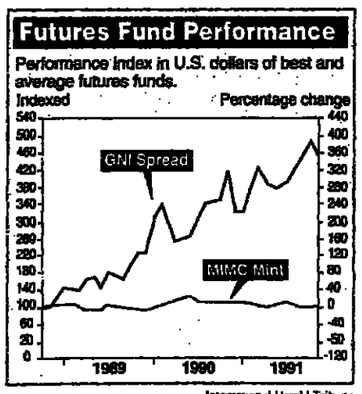
The bank has offered a primitive Ecu mortgage for some years, but the product has become more popular since January 1990 when the lira joined the narrow 2.25 percent band of the European Exchange Rate Mechanism. There is still a small interest rate saving between the lira and the Ecu of 0.75 percent, but the currency movement is limited by the confines of the ERM.

So what would be a good strategy for dollar debtors? Mr. Saunders advocates a debt in Deutsche marks, which he believes should fall back while the dollar rises. Just as Germany's economic growth rate slows down in the first half of next year, the United States should be clearly recovering, he predicts.

BRIEFCASE

Correction

The graphic which appeared with last week's story on futures funds contained an error. The top performing and median funds were transposed. Here is the graphic as it should have looked: Our apologies to top-performing fund GNI.



Capel Trust Management Launches Tracking Fund

London-based mutual fund manager James Capel Unit Trust Management is launching a new fund designed to track the performance of smaller companies with a market capitalization of £20 million to £400 million ($34 million to $680 million).

The fund will track the performance of the specially created Trixie index, a measure of 382 smaller companies forming part of the larger FT Actuaries' All Share index. The new fund will hold 150-200 stocks, and the managers expect to track the performance of the index to within a margin of error of 0.6 percent.

The managers will rely on a technique of "sampling" — holding shares that satisfy a series of tests as being representative of the overall performance of the index. Holding a smaller number of stocks, it is argued, can help in achieving a more liquid investment vehicle.

The fund carries an initial charge of 5.25 percent, discounted by one percent during the three-week launch period. There is an annual charge of one percent. The estimated gross yield in the first year is 5.5 percent.

For more information, write James Capel Unit Trust Management, 3 Harbour Exchange Square, London E14 9GJ. Or call London (44 71) 955 5050.

Scudder Raises $69 Million With New Argentina Fund

The latest in the flood of South American funds aimed at the small investor comes from Scudder, Stevens & Clark, which has raised $69 million with its new Argentina Fund.

Quoted on the New York Stock Exchange, shares in the closed-end fund swiftly rose to a premium of more than 40 percent to the $12 flotation price. Prices have settled back this week to around the $14 level.

Why South America? Why Argentina? A Scudder spokesman admitted that South America had become fashionable with investment managers, but pointed out what he regarded as the more substantial investment values of the country. He cited the implementation of the "Cavallo Plan" — a package of economic tax and spending reforms introduced in February by Argentina's economy minister, Domingo Cavallo. Added to that were the benefits of a privatization program, a new political stability and relatively well developed, mature capital markets.

The fund has no front-end sales charge, but investors will pay the standard commission charges levied by their brokers. There is an annual charge of 1.3 percent.

For more information, write Scudder, 345 Park Avenue, New York, NY 10154-0010. Or call New York City (1 212) 326 6676.

Latin America Growth Fund A Success for G.T. Global

Latin America has also proved popular for clients of G.T. Global Financial Services. G.T.'s Latin America Growth fund has attracted more than $90 million in assets since its launch in August, and stopped taking new subscriptions on Friday.

The managers will now concentrate on fully investing the assets of the fund. Subscriptions will not resume before the end of March.

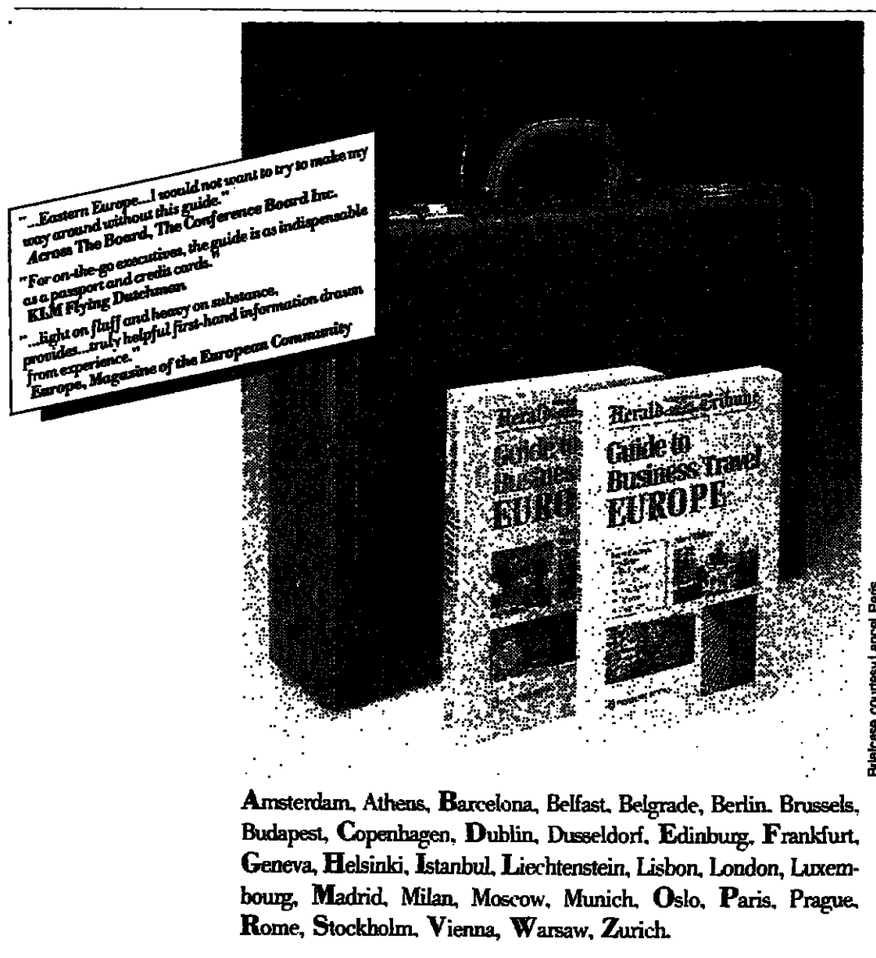
Tax Restrictions Easing With New Internationalism

The political trend may be toward a fragmentary brand of nationalism in many parts of the world, but in finance almost everything is moving toward internationalism.

According to the latest report of global tax news from KPMG foreign investment restrictions have been eased in Australia, Brazil, India and the Philippines.

But internationalism has a long way to go, says KPMG's team of fiscal commentators, which foresees considerable difficulties in tax planning in the supposedly fiscally harmonized environment within the EC in 1993.

Inquiries about World Tax News should be addressed to KPMG, PO Box 74111, 1070 BC Amsterdam, The Netherlands.



Briefcase, courtesy Lancel, Paris

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In Britain, Prices Fail to Keep Up With Inflation Rate

By William Ellington

HOUSES have been one of the best investment mediums available to Britons over the past 30 years, providing an inflation and tax shelter in addition to accommodation. However, homeowners and property analysts have begun to question whether the same will be true for the next 30 years now that the pound is anchored to what is supposed to be a low-inflation block of currencies.

Anxiety has been hightened by the fact that housing prices have failed to keep up with inflation over the past two years and have actually declined in nominal value in certain regions such as the crowded South East. This has more or less coincided with Britain's participation in the European currency arrangements in October 1990 and a credit squeeze that has been exacerbated by a partial withdrawal of banks from mortgage lending.

> Some analysts have begun to argue that it may be better to rent rather than buy a house.

Indeed, some analysts have begun to argue that it may be better to rent rather than buy a house on the grounds that inflation is unlikely to push houses price up in the same way it did over the past 30 years when the government's retail price index increased more than tenfold. In that same period, the average price in Britain of a new house rose by more than 27 times in nominal value. This has left houses pretty high in relation to anything else.

According to the Council of Mortgage Lenders, a research unit sponsored by Britain's building societies or mortgage lenders, the average price of new house in Britain rose from £2,770 at the end of 1961 to around £75,731 recently. Neither CML nor some other prominent property organizations has data going back 30 years that relates to prices of houses built before World War II. However, partial statistics and anecdotal evidence suggest that old houses generally kept up with new houses in terms of appreciation over the past three decades.

While it seems unlikely that inflation will continue to propel housing prices higher in the same way it has done in the past, housing in Britain has tax advantages that most other U.K. investments don't have. For one thing, capital gains on houses are tax free as long as the seller of a house uses the proceeds within five years to buy another house.

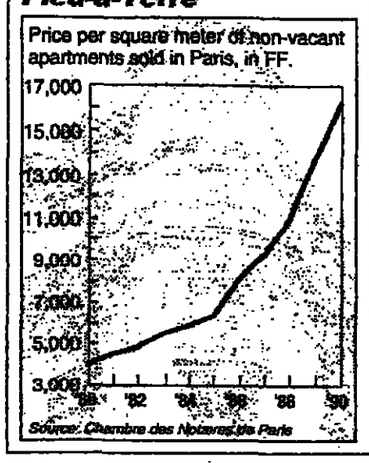
In contrast, capital gains in most other cases are treated as ordinary taxable income. Moreover, homeowners can deduct the mortgage costs of the first £30,000 of their borrowing from their income tax liabilities. And if a family decided to rent and use savings to buy shares or interest-bearing instruments instead of a house, it would be subject to a 25 percent withholding tax on the income it receives.

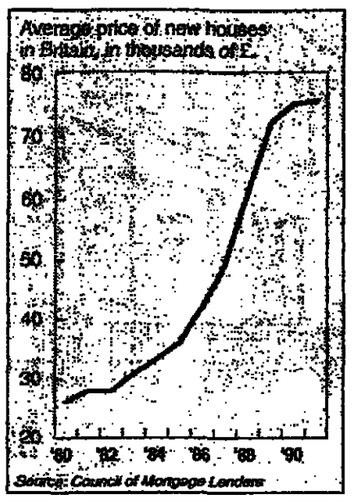
Bearing these considerations in mind, personal housing as an investment has provided about as good a real, after-tax return on investment as would investment a broad selection of U.K. shares over the past 30 years. This leaves aside the benefits of having place to live and possibly some income from renting part of an owner-occupied house. Moreover, it was only during the 1980s, the Yuppie Decade, that the real total return on equity investment caught up with the advance in house prices, which provided a much larger return that equity investment in the 1960s and 1970s.

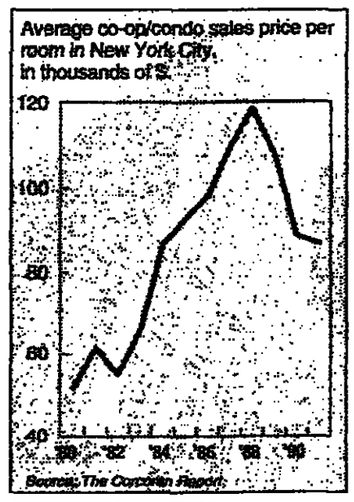
As both the Conservative and Labor parties are committed to encouraging home ownership, it seems unlikely houses will ever be taxed as much as security investment is.

Tax-favored investment in housing has another potential advantage in that it is easy to obtain a mortgage and thus obtain a large investment with a relatively small amount of capital. When house prices rise with inflation, if an investor obtained a 90 percent mortgage to buy Britain's average new house in 1961, he would have had to put up only £277 and the mortgage lender would provide the remaining £2,493. If he sold today at the average price of £75,731 and repaid his mortgage, he would have a net return of £73,238 on his initial investment of £277. This works out to a compounded return of 20.4 percent over 30 years. Not even a good stock picker could match that, much less an astute bond investor.

Keeping an Investment Pied-à-Terre







Paris Downturn Tied to Prolonged Boom

By Philip Crawford

> The Money Report looks at residential property worldwide. What would $30,000 have bought 30 years ago? And what would that property be worth now? This week: New York, Paris and London.

YOU'RE looking to buy an apartment in Paris. A sound investment, traditionally at least, if ever there were one. As part of the process, you browse through the real-estate section of the newspaper, finding that some of the listed properties seem, to your great surprise, remarkably reasonable in price: a three-room, 140 square-meter flat on Rue Balzac for 80,000 francs; a four-room duplex near Les Invalides for 200,000 francs; a 7-room, 340 square-meter flat at 10 Rue Auber for 280,000 francs.

But when you turn the paper over to glance at the front page, you get a shock: the headlines are about Soviet Foreign Minister Andrei Gromyko's upcoming meeting with President John Kennedy, the Jerusalem trial of former Nazi Adolf Eichmann, and the New York Yankees' 5-game thrashing of the Cincinnati Reds in the World Series. The paper is from October 1961, 30 years ago, and the prices of the above properties — about $16,000, $40,000, and $57,000 at that month's exchange rate — have risen by an average of 6,000 percent since then.

"You could conceivably buy a maid's room or maybe a parking space for $30,000 in Paris today," laughed Philip Hawkes, who runs an agency specializing in upscale Paris residential properties, "but certainly nothing you could call a flat either in the city or within 50 miles of the city."

Mr. Hawkes' sentiments are borne out by statistics: the average price of even a studio in Paris currently hovers around 600,000 francs ($103,500), with apartments in the city's most *à la mode* buildings — on Avenue Montaigne, Avenue George V, or those overlooking the Parc Monceau or Luxembourg gardens — starting at about 5.8 million francs ($1 million) and ending somewhere in the stratospheric regions of 30 million francs ($5.1 million). Average prices per square meter range from 9,000 francs ($1550) in the 18th *arrondissement* to over 50,000 francs ($8,620) in the 8th.

But it is precisely the long upward spiral of Paris real-estate prices that many experts blame for the past year's sharp market downturn of almost 25 percent. Other contributing factors, say bankers, realtors, and market analysts, include the ongoing U.S. recession, a slow recovery from the market paralysis brought on by the Gulf War, and the gradual renaissance of post-Berlin Wall Germany. Many professionals disagree, moreover, as to whether the plunge has reached its nadir and as to whether now is a wise time to invest.

"The market had to come down and come down noticeably," said Jean- Jacques Meyer, director of Agence Mozart, one of the oldest of thousands of *agences immobilières* in Paris. "It had been climbing at an abnormally high rate for too long, over 12 years. Some prices had doubled just from 1985 to 1989."

Donelle Higbee of Sotheby's in Paris, citing a property on Avenue Montaigne that sold for 120,000 francs ($20,700) per square meter a year ago and is now priced at about 80,000 ($13,800) francs per square meter, said the high end of the market has been affected as well as the middle and low ends. "Of course," she said, "there is always someone interested in buying something exceptional, but it's difficult to find those exceptional properties. We've had lots of clients visit this year, but people are taking more time to make a decision. And on that end of the market, they can usually afford to."

Several experts cited the unification of Germany as an event holding "market psychology" significance for Paris real estate, insofar as Paris' status as the perceived "capital" of Europe — and all of the social, political, and economic cachet that goes with the unofficial title — is being threatened by a free, growing Berlin. Akram Al-Dabbagh, a marketing director and real estate analyst for Assets International Management, a Paris-based investment company, said the increased demand for residential and office space in major German cities corresponds to the fall-off in the Paris market and bodes ill for the latter's future.

"Many investors from other European countries and from Japan are looking away from Paris real estate," he said. "From their point of view, the franc is relatively weak and getting weaker, with, say, seven francs to the dollar being a reasonable possibility within a couple of years. I think the glory days of the Paris market are over."

Frank Cluck, secretary-general of Century 21 France, an international realty concern, claimed that sensationalist, doomsday press earlier this year created a false sense of panic in the market and pushed it even further downward. "There were articles saying that people were selling for up to 80 percent less than they were a year ago, and that's folly," he said. "Someone in that position simply wouldn't sell. Also, you can't gauge a market decline by comparing selling prices with asking prices, as many were. You can put a property on the market at any wild price you want, but if it sells for a fraction of that, you can't say the market has fallen off by that huge spread."

In spite of the past year's downturn, residential space in Paris does remain among the costliest in the world, selling at an average of 26,000 francs ($4,500) per square meter, and up to five or six times that in the most exclusive areas of the 5th, 7th, 8th and 16th arrondissements.

Mr. Al-Dabbagh offered unequivocal advice to someone thinking of investing in Paris real estate: don't do it. "I say wait six months to a year before buying, because I think the market will fall another ten to fifteen percent," he said. "There is too little customer demand and too many big loans out as it is. It's only going to get worse."

In New York, Rates And Lower Prices Attract New Buyers

By Judith Rehak

IN 1961, Douglas Elliman, brokers and managers of luxury apartments in Manhattan, sold a two-bedroom apartment in one of the city's more prestigious buildings. With its Park Avenue address, prized high ceilings and wood-burning fireplace, the residence was snapped up for $35,000. Since then, it has changed hands three times, for $53,000 in 1967, $650,000 in 1986, and most recently — in the midst of a three-year slump in residential real estate — for more than $900,000.

The spectacular run-up in New York apartment prices has not been confined to luxury residences. Stephanie and Bob Robinson were newlyweds in 1969 when they scraped up $68,000 in cash to buy a three-bedroom co-op duplex in a then-marginal neighborhood. "Our friends thought we were insane," recalls Mrs. Robinson.

The Robinsons spent $20,000 on renovations, but in 1968 with a fourth child on the way, and desperate for space, they put their apartment on the market. "It took us a year to sell," said Mrs. Robinson. "New York was going down the drain into fiscal crisis — and on top of it, we were in an all-cash building." (Co-op apartments are owned through shares in a corporation, and their boards sometimes require all-cash purchases.) The Robinsons finally sold for $79,000.

Four years ago, their former apartment, its neighborhood now gentrified and highly desirable, sold again — for $800,000. It is probably worth about $875,000 today.

Because most of the city's owned apartments are co-ops, or private corporations, their sale prices are not publicly reported. But what is certain is that as the bankrupicy crisis of the mid-70s faded, residential real estate took off. The Corcoran Report, a privately conducted surveyed that started at that time, shows that the average price per room of an apartment, $10,6000 in 1973, had nearly quadrupled by the end of the decade. That was only a precursor of the wild buying frenzy set off by the go-go 1980s on Wall Street, driving prices to a stunning $118,990 a room in 1988 before the 1987 stock market crash hit home.

Since then, it's been all downhill. Battered by recession and the loss of 30,000 jobs on Wall Street, overall apartment prices have plunged nearly 25 percent from their 1988 pinnacle.

But real estate executives now believe that the worst is behind them. "The market reached rock bottom in the last four months of last year when there was virtually no sales activity," said Alan Rogers, managing director of Douglas Elliman, "but from February through this summer activity nearly doubled over last year."

> "The market reached rock bottom in the last four months of last year when there was virtually no sales activity, but from February through this summer activity nearly doubled over last year.'

Mr. Rogers reports that first-time buyers are being drawn into the market by lower apartment prices and mortgage rates. He expects prices to remain stable over the next six months, then begin to show some improvement. "There are still good buys in one and two bedroom apartments," he notes.

Mortgages can be found for as low as 8.76 percent, but while banks may accept a 20-25 percent downpayment for an apartment purchase, most co-op boards limit financing to 50-55 percent of the purchase price. In buildings being converted from rentals into co-ops, a number of which have fallen into financial difficulties, banks are reluctant to lend money at all unless half the apartments have been sold.

Condominiums, which are owned outright and account for only 10-15 percent of the market, show a different profile. Bargain hunters can find even better deals if they are willing to chance less fashionable neighborhoods, where prices have plunged as much as 30 percent. Meanwhile, wealthy foreign buyers are bolstering the tiny ultra-luxe condominium market, which has proved immune to the downturn. A two-bedroom condo in the trump Tower fetched a whopping $2 million last month.

And the prospects for a replay of the spectacular price run-ups of the '80s? Mr. Rogers seems unwilling to make a flat prediction. But he does say, "People's views of real estate became distorted. It has traditionally been a long-term, non-speculative investment. We're back to traditional values now. People are buying a home first, and an investment second."

Receivership Checks Growth of Buyout Market

By Susana Antunes

AFTER years of almost unchecked growth, the management buyout market has this year received a jolt, for receivership has become the most common form of exit route for MBO investors.

The number of MBOs falling into the hands of the liquidator in the U.K. during the first half of the year — 46 — had risen by 50 percent over the same period in 1990, outstripping both trade sales and flotations, according to the Center for Management Buyout Research based at Nottingham University.

But not all is doom and gloom for managers hoping to break out or investors looking to back them. Although their value has fallen, there are today still more MBOs being completed than at any time before 1990, when MBOs reached their peak. In many cases, successful realizations are simply being held back until there are signs of improvement. MBOs are also the most common form of takeover at the moment, representing 52 percent of the acquisition market. And even failed buyouts can provide a source for other MBOs of still healthy and profitable subsidiaries. The textiles group, Coloroll for example, yielded seven MBOs and one management buy-in after it failed last year.

MBOs are a relatively new phenomenon. Fostered in the United States in the early 1970s, they were practically unheard of in Europe until the late 1970s, when they began to play a role in the UK corporate scene. Indeed the U.K. is still at the forefront of the MBO market in Western Europe. Even though the value of MBOs more than halved from £7.5 billion in 1989 to £3.1 billion in 1990 in the U.K., the next largest market — France — saw only £1.8 billion worth of MBOs last year. But for the first time, the £4 billion total value of Western continental European MBOs exceeded that for the U.K.

Although still small, the market for continental European MBOs is growing rapidly. Mike Smith, director of CMBOR said, "Deregulation, the growth of the internal market and major problems of family succession are all fueling the growth of the MBO market in continental Europe."

France has seen the greatest growth following legislation in 1984 designed to stimulate the market. That legislation, however, is now up for review and, as in Germany, managers and backers seem to have become rather more cautious this year.

John Platt, a director of the venture capital group 31, which at more than 1,000 has backed more MBOs than anyone else, believes that one reason the continental European MBO market is comparatively immature is because the corporate culture is less geared to the buying and selling of companies. He added, "I think that, to some extent, the technology to do them has still to be fully understood. You need people to finance them, advisers to see them through, and the appropriate legal structure."

There are substantial differences in the sources of buyouts among European countries, often reflecting differing industrial ownership structures and attitudes to takeovers. In Germany and the more southern countries, succession problems in privately owned companies have been a major factor fueling the development of the market, according to CMBOR.

Over the past year or so, there has been a marked change in the funding of buyouts. Previously debt would play a significant part, but the relatively high level of interest rates combined with the increased reluctance of banks and other institutions to lend has meant that debt now forms a much lower proportion of the total financing package. CMBOR found that loan notes in larger buyouts rose to 14.8 percent this year, from 3.2 percent in 1990.

Vendor finance also rose from 4.5 percent to 21.8 percent while senior debt only accounted for two-fifths of funding. Chris Ward, a partner in Touche Ross corporate finance, commented, "Companies wanting to dispose of subsidiaries have found that trade buyers are thin on the ground, hence their willingness to help finance management buyouts."

Performance is a key issue and the one that perhaps prompts the greatest level of debate. Geoff Westmore, a corporate finance partner at Cooper, Lybrand and Deloitte said, "With a portfolio approach, the performance of MBOs is generally very good. That's not to say there haven't been some noticeable dogs, which drag down the average, but we've seen some cases recently where the internal rates of return are well in excess of 40 percent."

His assessment is backed up by Mr. Platt. "In a typical MBO, profitability goes up quite rapidly after the initial buyout period, although it then sometimes plateaus admittedly. But the growth still remains extremely good compared to the average company in its sector, and overall, more jobs are created, capital investment increases and exports improve."

One charge often leveled at MBOs is that they are essentially financial engineering operations involving a management that basically rationalizes a business very quickly in the hope of exiting soon after with a large capital gain. Mr. Smith conceded that the "get rich quick" motive has sometimes been at play, especially during the heydays of the late eighties, but overall the evidence points to a quite different story, for some 75 percent of MBOs are still in the hands of their management team.

In his experience Mr. Platt said that he had found that, "Initially there is quite a bit if rationalization, as the new owners seek to make the the thing leaner and improve productivity. But then what we find is that they do want to grow the business and move on. It would be of great concern if it was all a financial scam."

One reason why MBOs should generally perform well is greed, Mr. Westmore says. "Management are incentivized to grow profits by being offered a slice," he said. The external disciplines imposed by institutions' financial convenants are also an important factor, but CMBOR has found that in more cases than no, the higher management's equity ownership, the higher the value it achieves.

A Survey of Buy-Outs In Europe, 1980-90 (in percent).

Country	Sample size	Local divestment	Foreign divestment	Family/ private	Privatization	Going private	Other
AUSTRIA	19	10.5	52.7	15.8	21.0	-	-
BELGIUM	28	17.9	64.3	17.8	-	-	-
DENMARK	86	50.0	30.2	16.3	-	2.3	1.2
FINLAND	49	85.7	8.2	4.1	-	-	2.0
FRANCE	273	22.0	18.7	38.4	7.3	8.8	4.8
GERMANY	121	19.0	38.1	38.0	0.8	-	4.1
IRELAND	36	30.2	38.2	11.0	-	-	20.6
ITALY	56	12.5	19.7	58.9	5.3	-	3.6
HOLLAND	205	60.0	24.4	10.2	0.5	1.0	3.9
NORWAY	17	29.4	52.9	5.9	5.9	-	5.9
SPAIN	18	11.1	38.9	44.4	5.6	-	-
SWEDEN	130	63.1	9.2	4.6	8.5	13.8	0.8
SWITZERLAND	42	61.9	16.7	19.0	-	2.4	-
UK	2806	55.5	10.5	22.1	4.9	1.1	5.9

Source: CMBOR

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SPORTS

With Heat On, Agassi Cools It in Las Vegas

By Nick Stout
International Herald Tribune

PARIS — In these final weeks of the 1991 tennis season, Pete Sampras has been working hard in Europe while Andre Agassi has been keeping himself far from the professional tour.

The upshot is that Sampras, ranked No. 7, made certain that he would take part in the eight-player ATP Tour World Championship, which begins in Frankfurt on Nov. 12, and that Agassi, ranked No. 8, found himself in danger of being overtaken and thereby prevented from defending the ATP championship he won last year.

"My goal was to make the ATP finals," Sampras said here the other day, explaining that he came to Europe in October to protect his ranking. "Now I'm in."

Sampras was beaming at the ease with which he won the recent tournament in Lyon, not even losing a set. Friday, he beat Alexander Volkov, 6-2, 6-3, and earned a ticket to the semifinals of the Paris Open.

In contrast, Agassi ended his season ended in early October with a tournament in Tokyo. He was reported Friday to be at home in Las Vegas, preparing for exhibition matches next week.

While Agassi was relaxing, two upstart Czechoslovaks — Karel Novacek and Petr Korda — moved within reach of the No. 8 spot, and were fighting hard to grab it. Friday, however, both lost in the quarterfinal round, and their chances of catching Agassi are remote.

Novacek, ranked 10th, could have clinched the No. 8 spot had he advanced to the finals here. Korda, ranked 11th, was almost as close.

But Novacek was stopped by Jonas Svensson, 6-4, 6-2, and Korda by Michael Chang, 7-5, 6-1.

According to ATP Tour officials, their only chance lies in winning the Moscow tournament next week and in beating enough top-ranked players along the way to earn the necessary bonus points.

Sergi Brugeura, ranked No. 9, is not a contender because he will lose points that he earned in tournaments late last year.

Yet Agassi's indifference to the challenge is perplexing. His victory over Stefan Edberg in the 1990 final remains his biggest accomplishment in tennis. He might have been expected to show more interest in defending it.

The Associated Press
Andre Agassi hoisted the ATP trophy in 1990, but what of 1991?

The ATP Tour determines the rankings — for better or for worse, and this subject *seems* always to be under some debate — according to each player's best 14 tournaments over a 12-month period. Of the 17 tournaments Agassi has entered in the last year, his best 14 include two in which he failed to win a match. By winning a few matches in Stockholm last week or Paris now, for example, Agassi could have added significantly to his point total for the year and thereby clinched his ticket to Frankfurt.

As of Friday, however, Agassi had not requested a wild card for any of the ATP Tour tournaments scheduled next week — in Birmingham, England; Moscow and São Paulo.

Agassi's representatives had, in fact, put out feelers a few weeks ago about whether a wild card might be available in Paris should one be requested, according to Patrice Clerc, director of the Paris Open. But it was too late. Two of the four wild cards had already been promised to Jimmy Connors and Yannick Noah. And Noah, as captain of the French Davis Cup team, had requested that the remaining two be reserved for young Frenchmen whom he might want to consider naming to the team for the final against the United States later this month. They were given to Arnaud Boetsch and Cedric Pioline.

With the losses of Korda and Novacek on Friday, Agassi seems now to have to survived his gamble.

The ATP Tour World Championship will maintain the round-robin format of its predecessor, the Masters, with the top eight players divided into two groups. Nos. 1 (Edberg), 4 (Michael Stich), 5 (Ivan Lendl) and 8 (Agassi) constitute one group; Nos. 2 (Jim Courier), 3 (Boris Becker), 6 (Guy Forget) and 7 (Sampras) the other. The winner of each group then plays the runner-up in the opposite group in a semifinal round.

A question mark still hangs over Stich, the Wimbledon champion who abruptly pulled out of the Paris Open with a sore elbow. The potential seriousness of the ailment has yet to be discussed.

■ Wimbledon Rain Checks

Responding to criticism during this year's soggy Wimbledon tournament, the All England Club will issue rain checks for the first time next summer, The Associated Press reported from London.

Until now, spectators who got rained out could only buy a similar ticket in the following year.

Picks and Pans of the NBA's Western Conference

These previews were written by David Aldridge of The Washington Post

Midwest Division

DALLAS MAVERICKS
1990-91 Record: 28-54, sixth.
Key Returning Players: G Derek Harper 19.7 points per game, (7.1 assists per game); G Rolando Blackman (19.9 ppg, 40 threes); F Rodney McCray (11.4 ppg, 7.6 rebounds per game); C James Donaldson (10 ppg, 8.9 rpg); F Herb Williams (12.5 ppg, 5.9 rpg); G Fat Lever (7.3 ppg).
New Faces: F Doug Smith (first round, sixth pick, Missouri).
Projection: Third strike and banishment of Roy Tarpley kills any chances of making a run. Now the Mavericks have to decide if it's time to break things up and plan for the future. They still have three top-notch guards and solid role players up front. But Tarpley has finally sunk the franchise. **Fourth.**

DENVER NUGGETS
1990-91 Record: 20-62, seventh.
Key Returning Players: G Chris Jackson (14.1 ppg, 3.1 apg); G Todd Lichti (14 ppg); F Reggie Williams (13.6 ppg); F Jerome Lane (7.5 ppg, 9.3 rpg); F Greg Anderson (4.3 ppg, 4.7 rpg).
New Faces: C Dikembe Mutombo (first round, fourth pick, Georgetown); G Mark Macon (first round, eighth pick, Temple).
Projection: Somewhere in the haze there might be a future. Mutombo is the real deal in the pivot and there could conceivably be a backcourt in the offing with Jackson, Lichti and Macon. With a real shot blocker, Westhead's wild defense might have a chance to work. But not this year. **Sixth.**

HOUSTON ROCKETS
1990-91 Record: 52-30, third.
Key Returning Players: C Hakeem Olajuwon (21.2 ppg, 13.8 rpg, 3.95 blocks, 2.16 steals); G Kenny Smith (17.7 ppg, 7.1 apg); F Otis Thorpe (17.5 ppg, 10.3 rpg); G Vernon Maxwell (17 ppg, 172 threes); G Sleepy Floyd (12.3 ppg, 48 threes); F Buck Johnson (13.6 ppg, 4.5 rpg); F Larry Smith (3.3 ppg, 8.8 rpg).
New Faces: F John Turner (first round, 20th pick, Phillips (Okla.) University; F Carl Herrera (played in Europe last season).
Projection: Olajuwon learned his teammates could win without him. His teammates learned the same thing. With such alchemy does a club gel. More production from small forward is necessary; their guard mix is excellent and diverse. **Second.**

MINN. TIMBERWOLVES
1990-91 Record: 29-53, fifth.
Key Returning Players: G Pooh Richardson (17.1 ppg, 9 apg); G Tony Campbell (21.8 ppg); F Tyrone Corbin (18 ppg, 7.2 rpg); C Felton Spencer (7.1 ppg, 7.9 rpg); F Sam Mitchell (14.1 ppg); G Gerald Glass (6.9 ppg).
New Faces: C Luc Longley (first round, seventh pick, New Mexico).
Projection: Minnesota's youth will be served under Jimmy Rodgers, who will provide some stability in the coach's chair. And the Timberwolves might be the only team in captivity with three legitimate seven-footers on their roster. **Fifth.**

SAN ANTONIO SPURS
1990-91 Record: 55-27, first; lost in first round.
Key Returning Players: C David Robinson (25.6 ppg, 13 rpg, 3.9 blocks); F Terry Cummings (17.6 ppg, 7.8 rpg); G Willie Anderson (14.4 ppg); F Sean Elliott (15.9 ppg, 5.6 rpg); G Rod Strickland (13.8 ppg, 8 apg).
New Faces: F Antoine Carr (20.1 ppg, 5.5 rpg for Kings; acquired from Sacramento).
Projection: There's trouble in Riverwalk City. Strickland was a camp holdout. Carr is demanding a new contract. Cummings is playing in pain and Anderson had a subpar sophomore season. Then again, all that could clear up by December and the Spurs could win 55 games again. That's probably what will happen. **First.**

UTAH JAZZ
1990-91 Record: 54-28, second; lost in Western Conference semifinals.
Key Returning Players: F Karl Malone (29 ppg, 11.8 rpg); G John Stockton (17.2 ppg, 14.2 apg, 2.85 steals); G Jeff Malone (18.6 ppg); F Blue Edwards (9.3 ppg); F Thurl Bailey (12.4 ppg, 4.9 rpg); C Mark Eaton (5.1 ppg, 8.3 rpg, 2.35 blocks); C Mike Brown (4.8 ppg, 4.1 rpg).
New Faces: G Eric Murdock (first round, 21st pick, Providence); F David Benoit (free agent).
Projection: The Stockton and Karl Malone show moves to the 20,000-seat Delta Center. They and Jeff Malone will again do most of the scoring; Bailey has to recover from a postseason slump. Depth is again a question, as is Eaton's effectiveness against top-flight centers. **Third.**

Pacific Division

GOLDEN STATE WARRIORS
1990-91 Record: 44-38, fourth; lost in Western Conference semifinals.
Key Returning Players: G Tim Hardaway (22.9 points per game, 9.7 assists per game, 2.61 steals, 97 threes); F Chris Mullin (25.7 ppg); G Mitch Richmond (23.9 ppg); G Sarunas Marciulionis (10.9 ppg); C Alton Lister (6.4 ppg, 6.3 rebounds per game).
New Faces: F Chris Gatling (first round, 17th pick, Old Dominion); F Victor Alexander (first round, 18th pick, Iowa State).
Projection: Run-TMC is loads of fun and, combined with eight or nine 6-foot-6-inch (1.98-meter) guys, effective basketball. But the Warriors have a need in the low post. **Fifth.**

LOS ANGELES CLIPPERS
1990-91 Record: 31-51, sixth.
Key Returning Players: F Danny Manning (15.9 ppg); F Charles Smith (20 ppg, 8.2 rpg); G Ron Harper (19.6 ppg, 48 threes); C Olden Polynice (9.8 ppg).
New Faces: G Doc Rivers (15.2 ppg, 4.4 apg for Hawks; acquired from Atlanta); F-C James Edwards (13.6 ppg, 3.8 rpg for Pistons; acquired from Detroit); F LeRon Ellis (first round, 22d pick, Syracuse).
Projection: There's been enough talent here for years to get in the playoffs — but not enough smarts. That should change. **Fourth.**

LOS ANGELES LAKERS
1990-91 Record: 58-24, second; lost in NBA Finals.
Key Returning Players: G Magic Johnson (19.4 ppg, 12.5 apg, 80 threes); F James Worthy (21.4 ppg); C Vlade Divac (11.2 ppg, 8.1 rpg); F Sam Perkins (13.5 ppg, 7.3 rpg); G Byron Scott (14.5 ppg, 71 threes); F A.C. Green (9.1 ppg).
New Faces: G Sedale Threatt (12.7 ppg, 3.4 apg for SuperSonics; acquired from Seattle).
Projection: Dunleavy kept things afloat after a rough start and meshed an inside-outside game all the way to the Finals. Divac became a more consistent force. Threatt will help lessen Magic's minutes. **Third.**

PHOENIX SUNS
1990-91 Record: 55-27, third; lost in first round.
Key Returning Players: G Kevin Johnson (22.2 ppg, 10.1 apg, 2.12 steals); F Tom Chambers (19.9 ppg, 6.4 rpg); G Jeff Hornacek (16.9 ppg, 5.1 apg, 61 threes); G-F Dan Majerle (13.6 ppg).
New Faces: F Jerrod Mustaf (4.3 ppg, 2.7 rpg for Knicks; acquired from New York); G Trent Tucker (7.1 ppg, 64 threes for Knicks; acquired from New York); F Chad Gallagher (second round, 32nd pick, Creighton).
Projection: Loaded, even after the Xavier McDaniel trade. You want scoring? Johnson, Chambers, Hornacek, Majerle, Ceballos. Distribution? Johnson, Knight, Hornacek. Shot blockers? West, Lang, Mustaf. The question is underneath. Not that it will matter when they beat you by 30. **Second.**

PORTLAND TRAIL BLAZERS
1990-91 Record: 63-19, first; lost in Western Conference finals.
Key Returning Players: G Clyde Drexler (21.5 ppg, 6.7 rpg, 6 apg, 61 threes); G Terry Porter (17 ppg, 8 apg, 130 threes); F Jerome Kersey (14.8 ppg, 6.3 rpg); F Buck Williams (11.7 ppg, 9.4 rpg); C Kevin Duckworth (15.8 ppg, 6.6 rpg).
New Faces: F Marcus Kennedy (second round, 54th pick, Eastern Michigan).
Projection: It's all mental for Portland now. The talent is second to none, diverse and deadly. But the Blazers have to overcome a rather childish preoccupation with the officiating. There's no team in the West that should beat them. Maybe not in the East either. **First.**

SACRAMENTO KINGS
1990-91 Record: 25-57, seventh.
Key Returning Players: F Wayman Tisdale (20 ppg, 7.7 rpg); F Lionel Simmons (18 ppg, 8.8 rpg, 4 apg); C Duane Causewell (6.9 ppg, 5.1 rpg, 1.95 blocks).
New Faces: G Spud Webb (13.4 ppg, 5.6 apg for Hawks; acquired from Atlanta); C Dwayne Schintzius (3.8 ppg, 2.9 rpg for Spurs; acquired from San Antonio); F Billy Owens (first round, third pick, Syracuse); F Pete Chilcutt (first round, 27th pick, North Carolina).
Projection: Losing, such a way of life here, will continue while the kids grow. **Seventh.**

SEATTLE SUPERSONICS
1990-91 Record: 41-41, fifth; lost in first round.
Key Returning Players: F Shawn Kemp (15 ppg, 8.4 rpg); F Derrick McKey (15.3 ppg, 5.8 rpg); C Benoit Benjamin (14 ppg, 10.3 rpg, 2.07 blocks); G Ricky Pierce (20.5 ppg); G Gary Payton (6.4 apg).
New Faces: C Rich King (first round, 14th pick, Nebraska).
Projection: They're getting closer, but there's still something not quite right here. Still waiting for McKey to assert himself as a top-level forward. **Sixth.**

NBA on TV

This list of stations around the world that plan to carry NBA games during the 1991-92 season, which started Friday, was supplied by the NBA. Check local listings for game times.

Abu Dhabi	Abu Dhabi TV
Australia	Ten Network
Austria	Sportkanal
Bahrain	Bahrain TV
Belgium	Sportnet
Bulgaria	BTV
Burkina Faso	TNB
Canada	TSN/NBC
China	CCTV
Crete	AFTRS
Czechoslovakia	CTV
Cyprus	Logos Bdcst. Corp.
Denmark	Screensport/DANRAD
Finland	Ch. 3
France	FR3/TV Sport
Germany	Sportkanal
Greece	ET 2
Greenland	AFTRS
Guam	ESPN International
Guinea Bissau	GBB
Hong Kong	HK-TVB
Hungary	MTV
Iceland	Icelandic TV, Ch.2
Indonesia	RCTI
Ireland	Screensport
Israel	IBA/ICP/2nd Channel
Italy	Telepiu 2
Japan	NHK-DBS/JSC
Jordan	Jordan TV
Kenya	KBC
Korea	AFRTS
Kuwait	Kuwait TV
Lebanon	Middle East TV
Luxembourg	Sportsnet
Malaysia	TV3
Mauritius	MBC
Morocco	M3
Netherlands	NOS/Sportnet/RTL4
New Zealand	Sky Network/TV3
Nigeria	NBC
Norway	Screensport
Oman	Oman TV
Philippines	Repub. Bdcst. Sys.
Poland	Channel 2
Portugal	RTP
Saudi Arabia	ARAMCO CH3/Saudi TV
Seychelles	Seychelles TV
Singapore	Singapore Bdcst. Corp.
Soviet Union	Russian TV
Spain	TVE 2/TV3
Sweden	Screensport
Switzerland	Screensport
Taiwan	Taiwan TV
Thailand	TV3/IBC
Turkey	Magic Box
United Arab Emirates	UAE TV
United Kingdom	Screensport
United States	NBC/TNT
Yugoslavia	JRT

Weigh In and Out

INDIANAPOLIS (WP) — The Washington Bullets suspended forward John Williams and began docking his $1.1 million salary Thursday after he met with team officials and weighed in, sources said, at 305 pounds (138 kilograms).

BOOKS

CHAIN REACTION: The Impact of Race, Rights and Taxes on American Politics

By Thomas Byrne Edsall With Mary D. Edsall. 339 pages. 22.95. W. W. Norton & Co. Inc., 500 Fifth Avenue, New York, N.Y. 10110.

Reviewed by Samuel L. Popkin

THIS is that rare book more likely to be read than discussed. The relevance of its themes and the high quality of analysis assure this book a wide readership. But will we dare to discuss openly a book that forces us to confront unsettling implications of both liberal and conservative approaches to race?

Thomas Edsall, in partnership with Mary Edsall, has traced the splintering of the "bottoms up" liberal coalition of the 1960s, its replacement by a top-down conservative coalition, and the consequences for opportunity and equality in America. Between 1960 and 1970, liberal policy initiatives halved the proportion of Americans living in poverty. Between 1980 and 1990, conservative policy initiatives doubled the average income of the top 1 percent of Americans. Why, he asks, aren't the poor mobilized? Why can Democrats no longer win the presidency? His answer, of course, begins with race, but it includes the chain reaction set off by race, not race alone.

Starting with the civil rights upheavals of the 1960s, the Edsalls (he is a reporter for The Washington Post) show the ways that racial politics opened a wedge in the liberal presidential coalition and led to a new polarization of the electorate, pitting taxpayers against recipients, meritocracy against special preference, private sector against public sector and workers against the jobless. In following the trail from racial issues to tax policy and to the massive redistribution of wealth that has resulted since the Reagan Revolution, Thomas Edsall is enlarging on his earlier book, "The New Politics of Inequality," with years of legwork in the racial battlegrounds of America. From his grassroots perspective, he concludes that the collapse of economic liberalism is not due to well-financed conservative elites but to genuine barriers between key members of the old coalition that have arisen because of the moral smugness and isolation from mainstream America of contemporary liberalism. Liberal Democrats, he argues, are barring from consideration issues of fundamental moral and social concern that must be addressed.

The Edsalls write, "This stigmatization as 'racist' or as 'in bad faith' of open discussion of value-charged matters — ranging from crime to sexual responsibility to welfare dependency to drug abuse to nonparticipation in the labor force to standards of social obligation — has for more than two decades created a values barrier between Democratic liberals and much of the electorate at large."

Unwillingness to debate these values issues, the Edsalls believe, makes it impossible to examine the effectiveness and costs of liberal programs, and guarantees that the most conflict-ridden issues will remain unsolved.

This values barrier has driven out of the nominating process the officials with the most incentive to mediate between races and classes within the coalition. This absence of mediators opened the party to a "rights revolution" that demanded protection for criminal defendants, women, the poor, non-Europeans, students, homosexuals, prisoners, the handicapped and the mentally ill. Economic liberalism, in effect, gave way to cultural liberalism.

As the latest set of Democratic presidential hopefuls scurries to paint themselves as outsiders to distance themselves from their party, the Edsalls should be read by all trying to resurrect the Democratic Party. Their analysis makes clear that the only way out is by rethinking liberalism to combine rights and responsibilities, not by denying liberalism. Furthermore, until such a rethinking occurs, the Edsalls make painfully clear, there can be no progress on such pressing issues as employment policy and educational reform, let alone race and poverty.

Samuel L. Popkin, professor of political science at the University of California at San Diego and the author of "The Reasoning Voter: Communication and Persuasion in Presidential Campaigns," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

THERE was considerable drama on the diagramed deal, played two years ago in the semifinal of the Bermuda Bowl in Perth, Australia. The Bermuda Bowl is for the open teams tournament of the World Team Championships.

In one match the American North-South, Chip Martel and Lew Stansby, followed the route shown to three no-trump.

This would have defeated by two tricks if the Australian West had led the diamond, king but he dutifully led his partner's spade suit and South claimed 10 tricks.

In the replay an Australian opened the North hand with five clubs, a contract that would have had some chance: East must eventually sacrifice his heart king to avoid an endplay.

This problem did not arise because West played in five diamonds, down two undoubled, and the Americans gained 10 imps. They would have lost 9 if West had found the diamond lead against three no-trump.

In the other match Poland also tried three no-trump, but this time West hit on the diamond lead to defeat the contract. In the replay Gabriel Chagas and Marcelo Branco, as North-South for Brazil, bid themselves aggressively as six clubs after an opening bid of four no-trump that showed a long, strong minor suit.

That would have failed by at least one trick, but their Polish opponents saved in six diamonds, a phantom that cost them 800. Brazil gained 14 imps.

NORTH (D)
♠ 10
♡ A 8 4
♢ 6
♣ A K J 9 8 6 4 3

WEST
♠ 4 2
♡ Q J 5 3
♢ K Q J 10 9 7 3
♣ 10

EAST
♠ K Q 9 8 7 6
♡ K 6
♢ A J 8 2
♣ 2

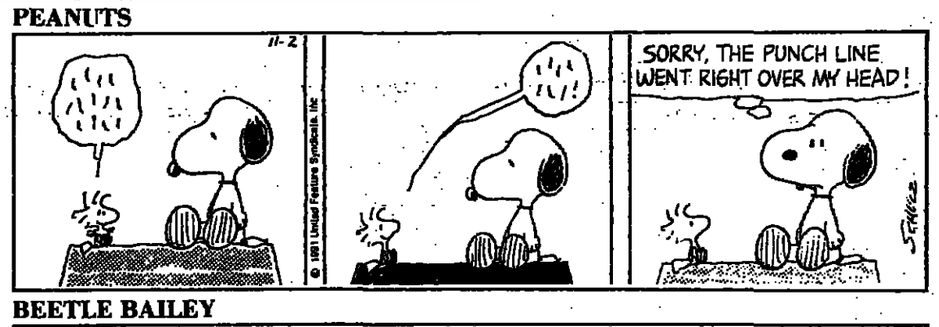
SOUTH
♠ A J 5 3
♡ 10 9 7 2
♢ 5 4
♣ Q 7 5

Both sides were vulnerable. The bidding:

North	East	South	West
1 ♠	1 ♠	Dbl.	Pass
2 ♣	Pass	2 N.T.	Pass
3 ♣	Pass	3 ♠	Pass
3 N.T.	Pass	Pass	Pass

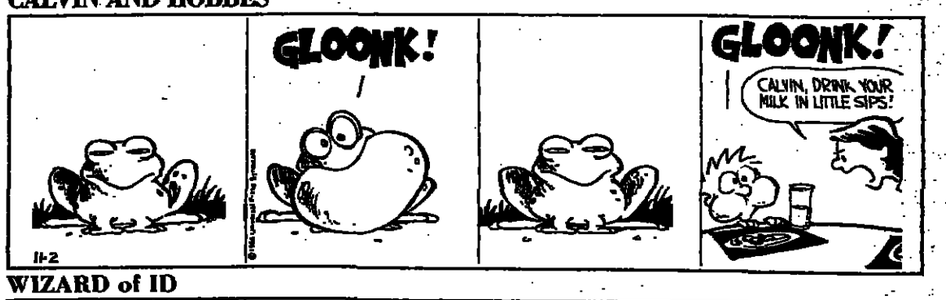
West led the spade four.

PEANUTS

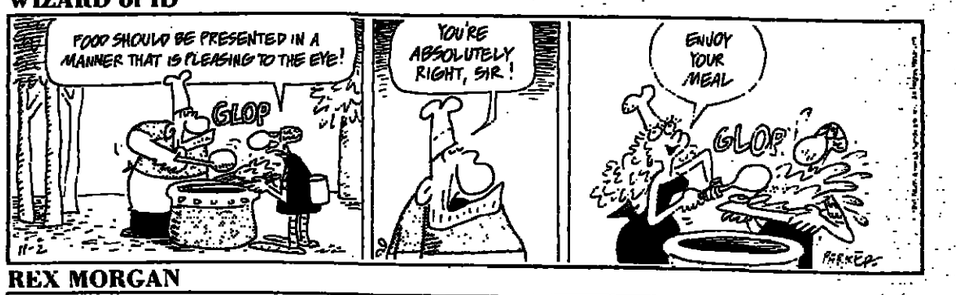


BEETLE BAILEY

CALVIN AND HOBBES

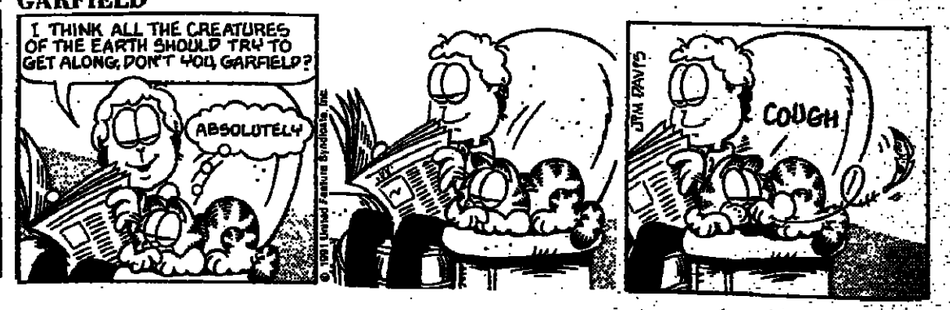


WIZARD of ID



REX MORGAN

GARFIELD



DOONESBURY

DENNIS THE MENACE

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

SOOME
KLACH
VISPLE
CARNID

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: ○○○ ○○○○○○

(Answers Monday)

Yesterday's Jumbles: NEEDY BRASS PURPLE DURESS
Answer: An old form of social security that's been revved lately—SUSPENDERS

BLONDIE

Australia of Rugby
Redskins
GUIDELINES
Ahead by 3
Record Lap for Se
DC Expects South
For the Record
BOOKS & GUIDES
MERCEDES
ZURICH
DEBUTANTE

SPORTS

Australia's Campese, the Pelé Of Rugby, Is World Cup Key

The Associated Press

LONDON — He is rugby's answer to Pelé, Wayne Gretzky, Michael Jordan. When David Campese gets the ball something magical happens.

He will catch it one-handed, relay it to a colleague with a pass behind his back or move into overdrive past his markers to score the equivalent of a touchdown.

Campese is Australia's record-breaking wing. And on Saturday (1430 GMT), he will be its ace in the pack when Australia faces England in the final of rugby's World Cup.

Before a crowd of 60,000 that will include Queen Elizabeth II, Campese will have the stage at Twickenham, the home of English rugby.

He is not likely to hide from the spotlight.

Although rugby is a 15-a-side game, Campese will be the standout player. Australia will provide a platform for him to work his magic, while England will try to make sure he doesn't get the ball.

"This man can do things nobody else can do," said former Australian fly-half Mark Ella, who coaches Campese's Italian club, Milan. "He wants to be the best in the world."

In try-scoring terms, he at least holds a world record 46 in international matches. Going into the cup final, he is co-leader in the tournament with six tries alongside Jean-Baptiste Lafond of France.

Unlike most wingers, Campese has a free role to move inside and strike when his opponents least expect.

"I want to go out and keep the crowd happy because everyone's paying to see the game and they haven't come to see you kick all day," Campese has said.

Some teams, notably England, prefer to kick the ball upfield and gain territory instead of passing the ball by hand.

"That's not my style," Campese said.

"What I do is for the team, the tries I score are for the team," he said.

"But I've got to be involved. If I don't get the ball I go looking for it."

Campese, who plans to retire from international rugby and live in Milan after the cup final, scored a sparkling try in Sunday's semifinal victory over defending champion New Zealand.

Bursting into the center of the line, he collected the ball at full speed and had the New Zealanders expecting him to pass to colleagues outside him. Instead he weaved through a gap in the center and dived over for a try.

It was a typical piece of Campese improvisation, and later in the game he set up another try for center Tim Horan.

The English players, who downed Scotland in the other semifinal, believe they can stop Campese.

"He relies on others to make space for him," England's captain, Will Carling, said.

"We are aiming to stop a number of factors before the ball even gets to him. It's very important to stop the rhythm of the whole team and break up their game."

● The presence of England in the Twickenham final has created unprecedented interest in a sport that ranks well behind soccer in British interest. Touts are demanding £500 ($870) for a £30 ticket. *(Reuters)*

Odds Are, It's Australia

Reuters

LONDON — British bookmakers have made Australia hot favorites at 3-1 to win rugby union's World Cup final against England at Twickenham on Saturday.

England is quoted at 11-5.

Bookmakers predicted Thursday that rugby fans in Britain would gamble £1,000,000 ($1.73 million) on the outcome of the final.

Ross Land/The Associated Press

David Campese was on the run against Ireland, and can be expected to be in that position against England in the finale Saturday.

Fighter Emerging From Coma In Britain

Compiled by Our Staff From Dispatches

LONDON — Nearly six weeks after suffering serious brain injuries in a title fight, boxer Michael Watson is emerging from his coma, is able move both sides of his body and responds to simple commands, hospital officials said Friday.

"He continues to emerge from his coma, though is not in any sense fully conscious," said Nick Gallagher, *a spokesman for St. Bartholomew's Hospital.*

Surgeon Peter Hamlyn, who performed two operations on Watson to relieve brain swelling, said the boxer has survived the most critical stages of his recovery but "he is not yet out of danger."

Watson, 26, collapsed in the ring after being knocked out by compatriot Chris Eubank in a WBO supermiddleweight title fight Sept. 21.

Watson now is breathing on his own without a life-support machine, but Gallagher said the boxer has not made any attempt to speak. Watson still has a tracheostomy tube to help his breathing, and that would make it difficult to speak.

The Today newspaper said Watson could open and close his eyes and raise his hands. *(AP, Reuters)*

Redskins' Beat Goes On

These matchups were written by Thomas George of The New York Times. Odds are supplied by the Latest Line.

NFL MATCHUPS

OILERS (7-1) AT REDSKINS (8-0)

Key Stat: Washington can win nine straight games for a fourth time; the other years were '42, '72 and '83.

Comment: We've seen how far Redskins' defense has come, but now we learn how it will stand against Oilers' run-and-shoot and quarterback Warren Moon's savvy decision-making. Game boils down to a test of physical power and endurance. Redskins by 6.

PACKERS (2-6) AT JETS (4-4)

Key Stats: Jets rush for 134.6 yards a game.

Comment: The Jets have improved in protecting Ken O'Brien (22 sacks at this point last season; 15 now). The Packers have no pass rush to fear. The Jets are favored by 7 points.

BROWNS (4-4) AT BENGALS (8-8)

Key Stat: Browns won first meeting, 14-13, on Sept. 15, but have not won in Riverfront Stadium in four years.

Comment: Browns' Bernie Kosar needs 33 more passes without interception to break Bart Starr's record streak of 294. Cincinnati's defense has made 12 interceptions this season despite going winless. Browns by 2½.

PATRIOTS (3-5) AT BILLS (7-1)

Key Stat: Bills have won 16 straight in Rich Stadium and are 30-2 there since '88.

Comment: For first time in 45 games, New England did not allow a touchdown last week in 9-6 loss to Denver. No repeat against NFL's most productive quarterback (Jim Kelly, 19 touchdown passes), receiver (James Lofton, 699 receiving yards) and running back (Thurman Thomas, 1,119 scrimmage yards). Bills by 17.

LIONS (6-2) AT BEARS

Key Stat: Neal Anderson has caught a pass in 29 straight games, including a 50-yard game-winner vs. the Lions last December in overtime.

Comment: Chicago has won 11 of its last 13 against Detroit. Lions' quarterback Erik Kramer, who replaces injured Rodney Peete, made his last pro start in 1988 for Calgary of the Canadian Football League. Bears by 7.

49ERS (4-4) AT FALCONS (4-4)

Key Stat: In Falcons' 39-34 victory at San Francisco on Oct. 13, Deion Sanders returned a kickoff 100 yards for a score.

Comment: Not only did Falcons shine in beating the 49ers, they also gloated afterward. They will regret it in the rematch, as Steve Young seeks redemption. 49ers by 5.

BUCS (1-7) AT VIKINGS (4-5)

Key Stat: Vikings had won 5 straight in the series before Tampa Bay swept them last season, 23-20, in overtime and 26-13.

Comment: Tampa Bay made 8 turnovers in 27-0 loss to Green Bay on Sunday. Who can figure the Vikings? They are pro football's most unpredictable team, having committed only four fumbles but still at minus-1 in turnover differential. Vikings by 12.

DOLPHINS (3-5) AT COLTS (0-8)

Key Stat: Don Shula's team is under .500 at the season's midpoint for only the third time in his 22 Dolphins seasons.

Comment: Can you believe Colts' defense is No. 1 in the AFC against the pass (146.1 yards allowed per game)? But Dan Marino is 13-4 vs. the Colts. Dolphins by 10.

CARDINALS (4-5) AT COWBOYS (5-3)

Key Stat: A must game for Dallas with three straight coming up on road: the Oilers, Giants and Redskins.

Comment: Dallas won, 17-9, at Phoenix on Sept. 22 when Emmitt Smith rushed 23 times for 182 yards. Dallas is 9-0 when Smith rushes 18 or more times. Give Smith the ball against the league's 26th-ranked rushing defense. He'll do the rest. Cowboys by 9½.

SAINTS (7-1) AT RAMS (3-5)

Key Stat: New Orleans' defense has allowed 1 touchdown run in its last 43 quarters.

Comment: The Saints must rely on defense as their offense continues to lag. Watch Saints' linebackers Pat Swilling and Rickey Jackson. Swilling leads the league with 8.5 sacks and Jackson has 8. Saints by 4.

STEELERS (3-5) AT BRONCOS (6-2)

Key Stat: Denver has not scored a touchdown in the first quarter since its season-opening drive.

Comment: Steelers must block Denver rookie linebacker Mike Croel (7 sacks, on pace to break rookie mark of 12.5 set by Leslie O'Neal in 1986). Broncos by 6½.

GIANTS (4-4) AT EAGLES (3-5)

Key Stat: The Giants have lost three straight in Veterans Stadium. This one is Monday night.

Comment: Eagles' defense ranks No. 2 in league and No. 1 vs. the pass. But on offense, the Eagles struggle with inconsistency at quarterback and penchant for turnovers. Giants by 4.

Breeders' Cup Has International Flavor

By Joseph Durso
New York Times Service

LOUISVILLE, Kentucky — Nobody hoisted an alarm saying: "One if by land, two if by sea." But everybody knew that a record 21 horses from Canada and Europe were among the 91 horses entered in the Breeders' Cup series of championship races on Saturday, giving the strongest international spin yet to the major event of the American turf.

For the first time since the series was inaugurated eight years ago, horses either bred or trained in other countries were entered in all seven races. And racing officials predicted the invasion would grow to include horses from Eastern Europe, Japan, Australia and South America.

They also saw no mystery to the traffic: prestige and prize money, purses between $1 million and $3 million and a combined payoff of $10 million.

"Money is obviously one reason," said Alastair Donald, director of the International Racing Bureau, based in London. "The purses in the Breeders' Cup are so high that it's difficult to pass them up.

"But the timing is important, too. The Breeders' Cup comes in the fall of the year, the time to reach for the best. In past years, some trainers believed it might be too difficult to ship a horse a long distance after a long season and race the best in the world. But now they aim for the Breeders' Cup. They make it the goal of the entire year. They skip other races in order to build to the cup."

"Within 10 years," said Nick Clarke, managing director of the bureau, "you'll have horses from Eastern Europe, Japan, Australia and South America. The momentum is building."

The foreign stars at Churchill Downs this week included this year's Triple Crown champion from Canada, the filly Dance Smartly; last year's European champion 3-year-old filly, In the Groove, with Steve Cauthen of Kentucky flying home from England to ride her, and Europe's 2-year-old prodigy of this season, the colt Arazi.

For international tone, nothing may approach the return of Steve Cauthen.

For international tone, nothing may approach the return of Cauthen. He was only 18 when he won the Triple Crown in 1978 aboard *Affirmed. But a year later, he accepted an offer* to ride in England, and stayed. He is the only rider to have won the Kentucky, English, Irish, French and Italian Derbies.

He rides under contract to Sheik Mohammed *ibn Rashid al Maktoum of Dubai, who excused* Cauthen from his riding commitments Saturday at Newmarket, England, to join the trans-Atlantic trek.

Cauthen will ride in the $2 million Turf race, one of the two major attractions on the program for European horses, who usually race on grass. The other is the $1 million Mile, which has drawn François Boutin's star colt Priolo, Val des Bois and Danseuse du Soir from France, plus Shadayid and Kooyonga from England.

Another commuting star in the cast will be the legendary Lester Piggott, at 56 the dean of English jockeys, who made the trip to ride Showbrook, a 10-to-1 shot in the Breeders' Cup Juvenile.

Horses from Europe already have a track record in the series. They have won 7 of the 49 races staged in the seven years of the Breeders' Cup. Last year at Belmont Park in New York, European-based horses won two of the seven races: Royal Academy won the Mile and In the Wings took the Turf.

The French filly Miesque, trained by Boutin, won the Mile in 1987 and again in 1988. Only one other horse has won twice, the Argentine-bred mare Bayakoa, who won the Distaff in 1989 and 1990.

The most accomplished of the traveling horses is probably Dance Smartly, who has won 10 of 12 races, and ran second and third in the two others. She has been installed as the even-money favorite in the Distaff against such New York stars as Versailles Treaty and Queena. She is trained by Jim Day and ridden by Pat Day, *who are related only in wonder at their special* filly.

"She's unusually versatile," the trainer said Thursday. "I asked Pat about a month ago to pick her best distance and best surface, and I gave him two days to think about it. He came back and said, 'I don't know.' "

SIDELINES

Spain Ahead by 3 in World Cup Golf

ROME (Reuters) — Seve Ballesteros and José Rivero fired 3-under-par 69s to shoot Spain into a three-stroke lead in golf's World Cup on Friday.

The Spanish pair, third after the first round, took over the lead with a 9-under-par total of 279 for 36 holes as Germany and England faltered.

Germany, the defending champion, needed Bernhard Langer's 69 to stay in second. Nick Faldo and Steven Richardson had to settle for 73s as England dropped from first to third, four shots off the pace.

PGA champion John Daly, Russ Cochran, Craig Stadler and Ian Baker-Finch fired 3-under-par 68s Thursday to share the lead after the first round of the Tour Championship in Pinehurst, North Carolina. *(UPI)*

Record Lap for Senna in Australia

ADELAIDE, Australia (AP) — Ayrton Senna recorded the fastest-ever lap on the Adelaide street circuit to capture the provisional pole for Sunday's season-ending Australian Grand Prix.

The Brazilian, who has clinched the third world championship of his career, averaged 113.942 miles per hour (182 kilometers per hour).

IOC Expects South Africa in Barcelona

MILAN (AP) — Juan Antonio Samaranch said Friday that South Africa, long-banned from international competitions for its apartheid policy, is expected next week to enter the 1992 Olympics in Barcelona.

"IOC is expected to get on Monday the official adhesion of South Africa to the Barcelona Games," the president of the International Olympic Committee told the Milan daily Corriere della Sera.

Of the Baltics, Samaranch said, "I am certain the Soviet Union will have a single team." About possible recognition of Croatia and Slovenia, he said, "It's a problem which must be solved by the political power."

For the Record

– The Denver Nuggets signed Mark Macon, the eighth pick in the NBA draft, to a contract reportedly worth $7.5 million for five years. *(AP)*

– The Dallas Mavericks said Thursday that No. 1 pick Doug Smith agreed to a 4-year, partially guaranteed contract worth $7.75 million. *(AP)*

– Micheal Ray Richardson, banned by the NBA for failing drug tests, got a rousing ovation as he took the court in Bologna and scored 17 points for Slobodna Dalmacija Split in an 85-80 loss Thursday to Knorr Bologna, which dropped him amid reports he failed two drug tests in Italy. *(AP)*

– Heavyweight Riddick Bowe was fined $500 Friday for his role in a brawl in his fight with Elijah Tillery in Washington on Tuesday. The D.C. boxing commission fined Bowe's manager, Rock Newman, $2,500 for flipping Tillery over the ropes after Tillery kicked Bowe. Tillery was fined $2,000 and banned from fighting in Washington for a year. *(AP)*

Winter Games: World-Class Sprawl

By Michael Janofsky
New York Times Service

In a hundred days, a grand experiment in outsized Olympic Games will begin in the French Alpine countryside, where thousands of athletes, officials and spectators will be set to prove that traipsing has been made an official Winter Olympic sport.

Oh, the places they'll see.

The last winter adventure was staged four years ago in the relatively tight confines of Calgary, Alberta.

But the Albertville Olympics — named for the town of 20,000 beside the mountains where skating events and the opening and closing ceremonies will be held — will be spread across 1,550 square kilometers (600 square miles) and will include 10 competition sites, *some of them lavish ski resorts connected only by* long, winding, narrow mountain roads.

For most people, getting from one place to another could take hours, longer during a snowstorm. The organizers at least had the foresight to house athletes *near their competition sites.*

Despite the expansive nature of the Games, covering a wider area than any previous Winter Olympics, preparations have advanced rather smoothly. There have been occasional glitches along the way. For example, Brides-les-Bains, the site of a large village for athletes, ran short of money several months ago, and some of the major roads have only recently been completed.

But with the French minister of sport, Frederique Bredin, assuring the International Olympic Committee last week that the government would keep all promises made to cover costs involving infrastructure, the major concerns remain unchanged from when planning began — that bad weather might make travel hazardous, that some visitors will not find accommodations convenient to the competition sites and that hotel and restaurant owners might raise prices to record levels.

"These concerns could have been seen from the first day," *François Carrard*, the IOC's executive director, said recently. "Essentially, we are satisfied."

In addition to the geographical spread of the Games and Albertville's position as the last Winter Olympics on a four-year cycle that began in 1924 — a new four-year cycle starts with the Games in Lillehammer, Norway, in 1994 — this Olympics will be noteworthy for several other reasons.

With worldwide recognition of Estonia, Latvia and Lithuania as independent states, Albertville will be the first major competition with a Soviet team of diminished strength. How much so remains to be seen; the Soviet Union has been the leading country in the medal count in 7 of the last 10 Winter Olympics and 4 of the last 5.

The Baltics have produced good athletes in a variety of sports, and they have notified the Albertville organizers that they will send teams: 20 athletes from Estonia in cross-country skiing and biathlon, 30 from Latvia in bobsled, luge and skiing and about a dozen from Lithuania in cross-country and biathlon.

All three countries had hoped to send more athletes but scaled back their plans because of limited money.

Among those expected to participate are two athletes who won medals for the Soviet Union in Calgary, Vida Venciene, a Lithuanian cross-country skier who won the 10-kilometer event and finished third in the 5 kilometers, and Janis Kipurs of Latvia, a gold medalist in the two-man bobsled competition with a Russian partner, Vladimir Kozlov.

Not all Baltic-born athletes have had their interests served by independence, however.

Darius Kasparaitis, a defenseman for the Moscow Dynamo hockey team the last five years has told the authorities he wants to play for the Soviet national team in Albertville. He is a native of Lithuania, whose hockey team did not qualify for the Olympic tournament.

The Yugoslav Olympic team might encounter a problem similar to the Soviet Union's. With civil war in Yugoslavia continuing, the international ski federation has contingency plans to recognize an independent team from Slovenia.

If the same is not true for Croatia, which has also applied to the ski federation for recognition, it might be because a vast majority of Yugoslavia's best skiers, including Franci Petek, the world champion in jumping, and Natasa Bokal, a leading slalom and giant slalom skier, are from Slovenia and have refused to compete under the Yugoslav flag.

SCOREBOARD

HOCKEY

NHL Standings

WALES CONFERENCE

Patrick Division

	W	L	T	Pts	GF	GA
Washington	9	3	0	18	56	38
NY Rangers	9	5	0	18	50	46
New Jersey	8	5	0	16	57	39
Pittsburgh	5	5	2	12	48	50
Philadelphia	4	5	1	9	30	30
NY Islanders	3	6	2	8	40	45

Adams Division

Montreal	9	3	1	19	45	20
Hartford	5	3	2	12	30	27
Buffalo	4	6	1	9	29	34
Boston	3	6	2	8	33	40
Quebec	2	9	1	5	36	48

CAMPBELL CONFERENCE

Norris Division

	W	L	T	Pts	GF	GA
Chicago	6	5	3	15	54	52
St. Louis	5	3	4	14	38	37
Detroit	5	6	1	11	39	37
Minnesota	5	6	0	10	34	39
Toronto	3	8	1	7	34	41

Smythe Division

Vancouver	9	3	1	19	49	37
Los Angeles	7	3	3	17	51	48
Winnipeg	6	5	2	14	39	45
Calgary	6	5	1	13	50	38
Edmonton	5	6	2	12	41	48
San Jose	1	13	0	2	34	78

THURSDAY'S RESULTS

Los Angeles	0	1	3—4
Boston	0	2	0—2

Wesley (3), Robinson (2), Bourque (6), Rabbitaille (8), Sandstrom (3), Gretzky (2). Shots on goal: Los Angeles (on Moog) 7-17-9—33, Boston (on Berthiaume) 16-14-6—36.

Quebec	1	1	2—4
N.Y. Rangers	0	3	2—5

Paslawski (3), Wright (5), Gartner (6), Amonte (8) 2, Sundin (4), Haugh (4), Sakic (3), Operchnick (3). Shots on goal: Quebec (on Vanbiesbrouck) 8-10-8—26, New York (on Fiset) 13-17-13—43.

San Jose	0	2	0—2
Philadelphia	2	3	1—5

Tocchet (5) 2, Craven (3), Acton (1), Goetz (2), Bruce (2), Ricci (4). Shots on goal: San Jose (on Hextall) 7-5-15—27, Philadelphia (on Myllys) 9-13-9—31.

Minnesota	0	0	1—1
Pittsburgh	2	2	4—8

Lemieux (7) 2, Recchi (4), Jagr (4), Stevens (5) 2, Mullen (6), Errey (5), Hatcher (3). Shots on goal: Minnesota (on Pietrangelo) 9-5-7—21, Pittsburgh (on Wakaluk) 11-16-12—39.

N.Y. Islanders	1	1	1—3
Chicago	0	2	2—4

Hogue (3) 2, Larmer (9) 2, Brown (3), Konroyd (1), Reekie (1), Larmer (9). Shots on goal: New York (on Wolfe) 9-9-6—24, Chicago (on Healy) 9-15-12—36.

FOOTBALL

Thursday's College Football Scores

Middle Tenn. St. 51, Tenn.-Martin 14

Brigham Young 40, Colorado St. 17

SOCCER

FRENCH FIRST DIVISION

Auxerre 1, Monaco 1

TRANSACTIONS

BASEBALL

American League

BOSTON—Will not offer salary arbitration to Dennis Lamp, pitcher.

CLEVELAND—Named Dave Nelson first base coach; Jeff Newman third base coach; Rick Adair pitching coach; Ron Clark bench coach; and Ken Bolek coaching assistant.

DETROIT—Exercised 1992 option on contract of Frank Tanana, pitcher. Named Mark DeJohn manager, Eastern League.

National League

ATLANTA—Will not offer salary arbitration to Jim Clancy, pitcher.

FLORIDA—Named John Boles director, player development.

MONTREAL—Named Kevin Kennedy director, field operations for minor-league system.

SAN FRANCISCO—Will not offer salary arbitration to Terry Kennedy, catcher.

BASKETBALL

National Basketball Association

ATLANTA—Waived Paul Graham, forward.

BOSTON—Put Stoko Vrankovic, center, on injured list. Waived Michael Smith and Steve Scheffler, forwards.

CHARLOTTE—Claimed Greg Grant, guard, off waivers from Indiana. Waived John Crotty and Byron Dinkins, guards.

CLEVELAND—Put John Battie and Mark Price, guards, on injured list.

DALLAS—Waived Jim Grandholm, forward.

DETROIT—Put Bob McCann, forward, on injured list.

GOLDEN STATE—Put Jim Petersen, forward, and Les Jepsen, center, on injured list.

L.A. LAKERS—Waived Anthony Jones and Irving Thomas, forwards.

PHOENIX—Waived Joe Barry Carroll, center.

MILWAUKEE—Waived Billy Thompson, forward. Put Bobby Phills, guard, on injured list.

NEW JERSEY—Waived Melvin Newbern, guard, and Ray Tolbert, forward.

NEW YORK—Put Patrick Eddie, center, on injured list.

PHILADELPHIA—Waived Rickey Green, guard. Placed Manute Bol, center, on injured list.

SEATTLE—Put Quintin Dailey, guard, on suspended list.

WASHINGTON—Signed Andre Turner, guard. Waived Corey Gaines, guard.

FOOTBALL

National Football League

BUFFALO—Waived Reggie Rogers, defensive end.

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DAVE BARRY

The Peace Dividend

MIAMI — Gather round, taxpayers! This is the moment you've been waiting for! Time to calculate your Peace Dividend! Now that our archenemy, the Soviet Union, is disintegrating into throat-lozenge-sized independent republics with names like "Huzzarbegonia," whose primary military activity is knocking over statues of Lenin, we don't need a Defense Department anymore. This means that you, the taxpayers, MAY ALREADY HAVE WON BILLIONS OF DOLLARS! SO DON'T THROW AWAY THIS COLUMN, because we are ABOUT TO TELL YOU THE SIZE OF YOUR PEACE DIVIDEND! Get ready! Better lean close to the page so you won't miss it! That's it . . . just a little closer . . . here it comes . . .

FWAPPPP

□

Ha ha! We apologize for hitting you in the face with a deceased grouper, but sometimes you taxpayers are such goobers that we can't help ourselves.

Listen: THERE ISN'T GOING TO BE A PEACE DIVIDEND. Your leaders have thought about this long and hard, and they have decided that they will continue to need all of your money that they can possibly get their hands on. In fact they might need MORE of your money, because we're probably going to give some to the Russians, in the generous American spirit of "lending a hand" to our defeated enemies so that someday, with our help and support, they can make better cars than we do.

Also we are NOT getting rid of the Defense Department. *Au contraire* (literally, "you melonhead"). We are plunging ahead on a number of crucial multibillion-dollar defense items, including the B-2 Stealth bomber, which is being built by the Northrop Corp. for $865 million per plane (excluding sunroof).

And we are of course continuing to build "Star Wars," which was one of President Reagan's very best ideas and is currently scheduled to be fully operational by the year 236,000 A. D., at which time it will perform whatever vital strategic mission it performs. Possibly it will shoot down the Stealth bomber.

□

But even if we canceled BOTH defense programs, you taxpayers STILL couldn't have a Peace Dividend, because your leaders need the money for pressing domestic priorities, such as purchasing breast pumps for the savings-and-loan-industry bailout.

We are not making this domestic priority up. We have here a Knight-Ridder News Service story concerning an audit of the Federal Deposit Insurance Corp. and the Resolution Trust Corp., two agencies helping to straighten out this pesky S&L situation. Auditors found that, among other things, the agencies had purchased $177,000 worth of wall hangings, $3,227 worth of stained glass, $7,335 worth of Christmas decorations, 3,000 Asian cookbooks and 27 breast pumps.

A spokesperson said the breast pumps were for employees who bring their babies into the agencies' day-care center. This is of course legitimate. We're sure that all you lactating taxpayers out there have employer-supplied breast pumps.

The spokesperson did not have a ready explanation for the Asian cookbooks, but we're sure there's a perfectly legitimate one, and we DON'T WANT TO KNOW WHAT IT IS.

□

The bottom line is, if there IS a Peace Dividend, it will be distributed according to the following list of priorities, ranked from highest to lowest:

1. Giant incomprehensible ongoing federal programs that could not be eliminated with hydrogen bombs.
2. The Russians.
3. Breast pumps.
4. Research grants to study questions like how come fish don't watch television.
5. The Iraqis. (Don't laugh! Just wait!)
6. Making a big pile of money on the U. S. Capitol lawn and setting fire to it.
7. Giving it back to the taxpayers.

But don't be disheartened, taxpayers. This is America! A democracy! If you don't like what your government is doing, YOU HAVE THE POWER TO CHANGE IT! Yes! I'll tell you how! Lean close to the page so you won't miss it! That's it . . . just a little closer . . .

Knight-Ridder Newspapers

Michael Crawford, the Phantom Unveiled

By Megan Rosenfeld
Washington Post Service

Sam Kruiwich/The New York Times

Michael Crawford, the man behind the mask in "Phantom of the Opera."

WASHINGTON — The woman is a successful banking executive, a former Reagan administration official. She has a good education, a lot of friends, a sense of humor, an apartment in New York. She's 39.

She is also a Michael Crawford fan. A maniac. Obsessed. She flew to Los Angeles for the opening and his fabled closing night of "The Phantom of the Opera." She has a program autographed by the members of the original Broadway cast. She has taped all his television interviews. She even met him once backstage by escorting a senator (who shall remain nameless) for whom she had arranged tickets.

One night in New York, after seeing another show, she and some friends decided to walk across the street to the Majestic stage door to catch Crawford leaving. They actually followed him, a gaggle of very successful career women clicking along in their dress-for-success high heels, until another woman met up with him. "Oh, my God, he has a date!" one said, and they came back to their considerable senses.

"Please don't use my name," she begged. "My friends will know exactly who it is, but I don't want my employers to know."

It's like that with Michael mania, an inexplicable obsession with an English-born performer many Americans have never heard of, who is neither devastatingly handsome (although certainly appealing) nor particularly glamorous. In Washington, the National Theatre — where he is playing in "The Music of Andrew Lloyd Webber" — got calls from fans asking about tickets before the staff even knew the show had been booked.

The object of this affection, a shortish, wavy-haired 49-year-old, greeted 7-year-old Nell Pepper, who had come to his hotel to meet him (she knows all his songs by heart), with complete charm. "Would you like to give me a kiss?" he asked, offering a cheek. She did, thrilled, yet flushed with embarrassment, and then turned and rushed into her mother's arms.

She saw him at a performance of the Lloyd Webber concert this summer, and when he sang "Tell Me on a Sunday," which is about a relationship breaking up, tears rolled down her little pink cheeks. She's not sure why. It just made her sad.

He cries every time he sings that song too. That seems to be one of the things about Michael Crawford. His voice, which he developed from a boy's soprano to a combination baritone, tenor and falsetto, resonates with emotion.

As the Phantom, he made people think that Christine, the singer beloved by the grotesquely deformed specter, should go off with him instead of her handsome fiancé, Raoul. With other performers in the title role, you were more prone to remember that the guy is a killer, a weirdo and maybe not great marriage material. Crawford (who has officially unglued his last Phantom mask until, or if, the movie version is made) brought out the pathos and loneliness of the character, and made him a metaphor for all the people who are neglected because they are different.

"I try to sing to the limit every time I perform," he said. "I used to run a lot. Once I ran a mile in 4 minutes and 20 seconds, which is pretty good for an amateur. I'd try for that every time."

That's what he's like onstage — always going for the four-minute mile.

His obsessiveness and physical daring have become legendary in theater circles. How he trained six hours a day for three months to expand his vocal range for "Phantom," adding three inches to his diaphragm in the process. How he gets to the theater hours ahead of time. How he trained with circus acrobats for "Barnum," learning to walk a tightrope and hang from a 30-foot (10-meter) rope. And the stunts in "Forum" — being pulled behind a chariot at 30 miles (50 kilometers) an hour, being dragged downstairs, being rolled down a hill in a barrel.

"It was lunacy," he said cheerfully of "Forum." "But it was wonderful. It made people laugh."

He suffers perpetually from stage fright. On the first night of this touring concert, he practically had to be pushed onstage. He hadn't slept for three nights because of the anxiety, and hadn't eaten much either. During the plane ride from Los Angeles to San Francisco, where the LLoyd Webber show opened, he mumbled the lyrics to the songs, which he was sure he'd forget. "It was truly the most frightening night of my life," he said.

One side of his face is slightly puffier than the other, and there are a few blotches that look like someone wearing lipstick has kissed him on the cheek. These are his mementos of the "Phantom" makeup, which consisted of three layers of latex deformities and then the white half mask that covered them.

Every night he personally shredded the rubber after it had been removed from his face to prevent it being stolen from the garbage by an overeager fan, as happened too often during the London run.

Crawford speaks delicately and thoughtfully about his fans. In England, they organized themselves into OGRE (Opera Ghosts Return Enthusiasts). The Los Angeles-based Michael Crawford International Fan Association was started in December and now has about 2,000 members, who for $25 a year get a biography, a photo, a newsletter and a telephone number to call for news and updates on his appearances. They also raise money for the Sick Children's Trust, a British charity in which Crawford has been active.

For some, the grueling schedule of a touring production might be the opposite of what you'd want to do once you'd turned your career around and were no longer in danger of being a sagging, aging juvenile has-been, as a movie critic described him 10 years ago (in "Condorman"). The truth is that at this point in his career Michael Crawford loves being a singer. He no longer thinks about parts he'd like to do because "there's bound to be disappointment." Once he wanted to be the first male to play "Peter Pan"; now he's too old. Since "Phantom" proved he could be more than a comedian, he's been offered a variety of "sinister" film roles that he has turned down.

"Some of them had violence within them that was unforgivingly sinister," he said. "I don't want to lose that little girl, do you know what I mean?" He meant the little girl who'd been brought to meet him earlier. He talked about how his first theatrical hero was Danny Kaye, and that was the spirit he was interested in, not a saccharine kind of family fare, but Kaye's great, zany but also touching comedy.

Crawford is also delighted to have a contract with a real record company (Atlantic), which makes him feel like a real singer. His fourth album is about to be released; inevitably: "Michael Crawford Performs the Music of Andrew Lloyd Webber."

Divorced, he has two grown daughters and seems quite content at the moment.

The business executive from New York — who is not even close to holding the record for seeing "Phantom," which is around 110 times and held by a woman in Los Angeles — was offered a ticket to the National Theatre opening and an invitation to the party afterward.

Unfortunately, she had to go to Hong Kong. "For a nanosecond I thought about quitting my job." Anyway, she said, "I am convinced that sometime, somehow, Michael Crawford and I will have a real conversation."

PEOPLE

Presidential Libraries Have a Busy Weekend

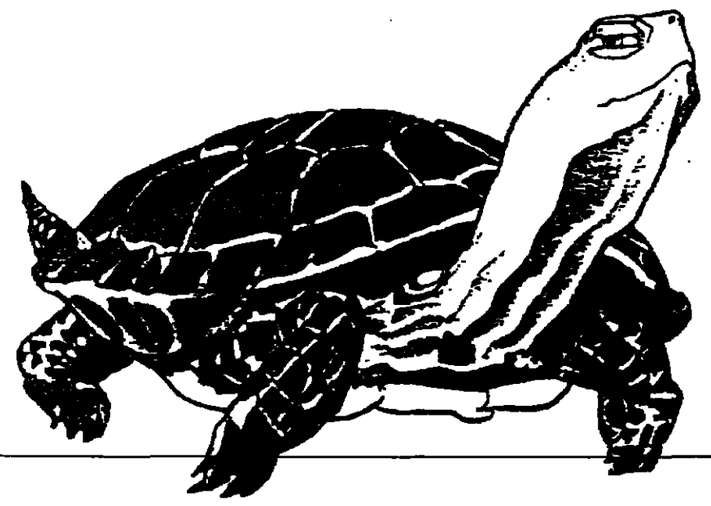
Lady Bird Johnson will cross party lines and take a private tour of the **Richard Nixon** Library and Birthplace Museum in Yorba Linda, California, on Sunday. She also will plant three Lady Bird Johnson rose bushes in the First Lady's Garden at the library. The widow of **Lyndon B. Johnson** and the Nixons have been friends for years. The Johnson family invited Nixon to speak at the formal dedication ceremonies of the LBJ Library in Austin, Texas, in 1971. . . . **Nancy Reagan** kicked off presidential library prededication festivities by unveiling a 60-foot-long miniature White House in Simi Valley, California, the first of a series of events leading to Monday's gathering of five former U. S. presidents for the library dedication. **President George Bush** and former presidents **Ronald Reagan, Jimmy Carter, Gerald Ford** and Nixon are expected for the opening of the Ronald Reagan Presidential Library and Center for Public Affairs.

□

Mary Trump, 79, mother of **Donald Trump**, was mugged while shopping on Union Turnpike in the New York City borough of Queens. She was knocked down and beaten, and sustained broken ribs and facial bruises, said a spokesman for the police department. **Paul Locastro**, 16, of Queens, was charged with robbery and assault in the attack. Mrs. Trump was admitted to Booth Memorial Hospital.

□

A French Catholic priest, **Abbé Pierre**, has been given a Swiss-Italian foundation's 700,000-Swiss-franc ($470,000) prize in honor of decades of helping the poor. The announcement of the Balzan Foundation's Peace Prize cited the priest's "lifelong commitment to the defense of human rights, democracy and the promotion of peace." Abbé Pierre, 79, set up his first center to aid poor and homeless in France in 1949. His movement later spread to other European countries, Africa, Asia and North America. Born **Henri Grouès**, Abbé Pierre acquired his name in the French World War II resistance. Other winners of Balzan awards were the composer **György Ligeti**, the British biologist **John Maynard Smith**, and the Portuguese historian **Vitorino Magalhaes Godinho**.



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Incidentally, we're still offering a lot of colors, but with less exotic names... apricot, navy, parchment, lapis, soft yellow, black and red... after all it's a mature category now!

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